AN INFORMATION KIT
FOR THE
DIRECT MARKETING INDUSTRY IN NOVA SCOTIA

1st Edition 1984

Nova Scotia

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Market Development Rep.
P-83-250
840 03

Published by:

N.S. Dept. Agric.
& Marketing
Marketing & Economics
P. O. Box 550
TRURO, Nova Scotia
B2N 5E3

Marketing & Economics
P. O. Box 550
Truro, Nova Scotia
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Dear Reader:

The Marketing and Economics Branch of the Nova Scotia Department of Agriculture and Marketing is pleased to present the first edition of the Nova Scotia Direct Marketing Binder. We hope this publication will prove its usefulness to all those associated with direct marketing in Nova Scotia.

We define direct marketing as the function of marketing performed when the producer of goods markets them directly to the consumer, therefore avoiding the middleman.

The two areas emphasized in this publication are U-Pick operations and roadside markets. Both these types of operations have become increasingly important to the Nova Scotia farmer in the last 15 years.

This direct marketing binder can be a valuable asset for people who are either considering the opening of a U-Pick operation or roadside stand, or as a tool for constant upgrading and ideas.

With the help of a Nova Scotia based information kit, we hope the direct marketing operations will benefit and continue to grow in importance to the Nova Scotia agricultural community.

We wish to thank all people who contributed information for the binder and welcome your comments and criticisms.

Sincerely yours,

Sherry E. Porter

Sherry E. Porter, P.Ag.
Marketing Specialist

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INTRODUCTION

Direct marketing has been operating in Nova Scotia for many years. Today, some 7.25 million dollars are generated annually by U-Pick, roadside and farmers' markets.

It could be said that direct marketing has become a way of life for many producers and an annual habit for many consumers. For the consumer, direct marketing means fresher food at prices often below those found in conventional retail outlets. For the grower, direct marketing offers additional selling channels and may allow a higher return than could be received through traditional methods.

Direct marketing in Nova Scotia has come a long way over the years. Starting out with a few commodities we now offer practically every fruit and vegetable variety that can be grown here as well as greenhouse products, maple products, honey, plants, shrubs and even Christmas trees.

It is hoped that the Nova Scotia Direct Marketing Binder will help meet the demand for information on direct marketing. We have made an effort to gather together, in one source book, all pertinent data about the industry in our province for anyone who wants to know more about this fascinating aspect of agricultural production.

GENERAL INFORMATION

Analyze Your Operation

Developing and maintaining continuous and objective analysis of everything that goes into an operation is one of the most difficult aspects of marketing. Even if you consider your market successful you cannot go on without inspection and examination. There may be changes you could make to increase efficiency or attract a larger market share.

Once you have assessed your operation as an owner and operator you must measure the business as a competitor or customer would. Here it is harder to be objective but the results of improvements can really pay off. The following list of success factors was developed by other successful direct marketers.

Success Factors in Direct Marketing

1. Long hours - hard work.
2. Enjoy working and meeting with people.
3. Family or co-operative operation.
4. Honest employees.
5. Involve family in profits.
6. Individual attention to customers.
7. Prompt, courteous, friendly service.
8. Half-hour drive from urban areas.
9. Neat, well-kept buildings and grounds.
10. Top quality produce.
11. Adequate parking.
12. Able to handle overflow crowds.
13. Effective advertising campaign.
14. Be known for a specialty.
15. Attractive signs.
16. Farm or market brochure.
17. Picking and/or storage instructions.
18. Regular, well-publicized hours.
19. Analyze and make improvements.
20. Easy to find location on a well-travelled highway.
21. Clean, easy access displays.

Consult a copy of the Nova Scotia Direct Marketing Survey and Consumer Purchase Pattern Survey. This booklet, based on intensive market and consumer research, can act as a guide to the elements that make up the average market. It also contains information on what consumers look for in a U-Pick or market operation. Does your operation offer the products and services consumers are looking for?

Reading the weekly supermarket ads can give you an idea about how availability and prices compare. Find out what other marketers in the province or in other regions are doing. You can pick up valuable insights or new ideas for direct market operation.

To develop an analysis program with a degree of consistency and regularity, set up an analysis check list. You may want to departmentalize your list under such headings as growing, advertising, displays, etc. Then set down the various terms to be considered under its appropriate heading. Set up a rating column so you can check off how each department measures up.

Carry out regular analyses every week or two and then a year-end assessment. Have checklists printed up so forms are easily accessible for regular analysis.

Remember - look at your market through the eyes of a competitor or a consumer. You might consider having an employee whose opinions you respect carry out some of the assessments.

Finally, do something about the results of your analysis. Don't be satisfied with an "average" rating - everything should rate "very good" or "excellent". Aspire to reach the top and discuss these objectives with employees so they can work to help reach these goals. When you decide to make changes after analysis make sure employees know and understand why you are making such alterations. Keep old analyses on file - they provide a useful reference on the progress of the operation.

ANALYSIS CHECKLIST

1. FARMERS' MARKETS, ROADSIDE MARKETS AND U-PICKS

	POOR	FAIR	AVERAGE	VERY GOOD	EXCELLENT
GROUNDS AND BUILDINGS					
Proper outdoor lighting					
Convenient ample parking					
Effective interior layout					
Well-kept buildings					
Garbage receptacles					
Effective garbage removal					
Effective indoor lighting					
STAFF AND COMMUNICATIONS					
Friendly helpful staff					
Employees know responsibilities					
Regular review of work					
Regular discussion of plans					
Sufficient staff for customers					
ADVERTISING					
Creative, effective ads					
Well-timed ads					
Well-marked road signs					

3. ROADSIDE MARKETS ONLY

RECEIVING AND PREPARATION					
Order with seasons and holidays in mind					
Order with thought to perishability in mind					
Deliveries checked for count					
Deliveries checked for quality					
Immediate sale items separated					
Prompt movement to storage					
Proper stacking for circulation					
"First-in" "First-out" storage					
Dating to insure rotation					
Proper cooler temperatures					
Merchandise washed as required					
Clean storage and coolers					
Clean sinks and drainboards					
Clean, lubricated conveyors					
Clean, stacked pallets					

Use the following sample checklist as a guide when you develop your own. Add other items that apply to your situation.

2. FARMERS' MARKETS AND ROADSIDE MARKETS

	POOR	FAIR	AVERAGE	VERY GOOD	EXCELLENT
Careful handling practices					
Proper trimming of produce					
Clear passageways					
Adequate lighting					
DISPLAYS					
Well-planned displays					
Color contrast principles					
Clean, well-filled displays					
Displays ready when market opens					
Displays maintained during day					
Clearly marked prices					
Point-of-sale material used					
Good display lighting					
Proper refrigeration					
MANAGEMENT AND PLANNING					
Regular price comparisons					
Profit objectives achieved					
Good inventory records					
Smooth product flow					
Well-thought out promotions in the market					

4. U-PICK MARKETS ONLY

GROWING					
Accurate seed, plant ordering					
Effective planting methods					
Effective weeding, treatment					
Ample aisle width					
MANAGING					
Well-marked rows					
Effective supervision of pickers					
Elimination of safety hazards					
Bathroom and wash-up facilities					
Refreshments available					
Rest/play area					
Good check-in, check-out system					
Reasonable pricing system					
Effective measurement system					
Effective money handling					

Consumer Attitudes and Preferences

Before you can start talking or thinking about consumer attitudes and preferences, you must know who you are talking about. Many businesses today do not really know who their customers are, nor do they take the time to find out.

Smart direct marketers should ask themselves - who are my customers? What do I know about them? Where are they from? What kinds of jobs do they hold? What is their lifestyle? What are their wants and needs? What motivates them to buy at a direct market? And, why do they shop at my market?

Consumer Wants and Needs

There are several basic needs that motivate all people. One is the need for security - physical, financial and psychological security. Another basic need is for recognition. Psychologists claim it is a universal human wish to be recognized. Consumers like to be called by name. A third basic need is for achievement and reward. Perhaps it is a "thank you" for your patronage or a smile from the salesperson.

A successful marketer must meet customers' needs for security, recognition, achievement and reward. It sounds simple but it's not. It is very complex, for there are as many different kinds of customers as there are direct markets and operators. Customers are not easy to satisfy. Besides wanting their needs answered, they want a lot of other things, too.

Who Shops Roadside, U-Pick and Farmers' Markets?

There is no such thing as an average customer, but surveys do shed light on the kinds of people that shop at roadside markets, U-Picks and farmers' markets.

The Nova Scotia Direct Marketing Survey and Consumer Purchase Pattern Survey done in 1980 indicates that direct marketer's potential customers are usually women 30 years old and over, with at least high school and many with post-secondary education who have average or above average family income.

The age of the potential customer may change as experts feel the younger families will have the same or equal buying power as those in the 30 and over age group. Also, more and more young people seem to be concerned about good nutrition and the need for fruits and vegetables in their diet.

In the 1980 survey shoppers said the main factors for shopping at direct markets were freshness, quality, appearance, friendly atmosphere and price.

When asked how they discovered the operation, nearly half said they found out when "passing by" while others heard of the market from parents, friends, neighbors, road signs and newspaper ads.

Generally speaking, the direct market customer is interested in good quality, fresh produce that has not gone through a lengthy market channel. They want quantities large enough for home canning and freezing and are interested in a friendly country atmosphere that is a welcome break from the canned glitter of the supermarket.

Customer Likes and Dislikes

Customer Likes - For the most part customers have a favorable attitude toward direct markets. Many feel they really do get fresher and better quality produce than at supermarkets or at least they expect to get better quality.

They expect better value for the same money spent elsewhere. They expect and feel they get better prices on larger size units that make it more economical for them.

Consumers like bulk displays and a variety of container sizes to fit the various needs of their family.

Customers praise the freedom of choice in products offered. They like to choose from several varieties, an opportunity they don't always have in the supermarket. For example, during berry season, you may sell a wide selection including black and red raspberries, currants and gooseberries that are not readily available in the supermarket.

Selling related items is also popular with shoppers. If you sell cherries, they like it if you sell cherry pitters too. Those making jams and pickles are also looking for jars, wax and spices. Cooking utensils like Chinese woks for vegetables and plastic salad bowls are often picked up with the produce order. If you operate a seasonal market that opens in midsummer, you might consider opening earlier to sell bedding plants and garden seeds.

It's sometimes the little things that count most in the overall image that the customer takes home.

Some other things consumers like about direct markets include:

a) washed produce, especially those who want to nibble while they travel;
b) evening hours for those who work or take a drive after supper;
c) informed clerks who can offer advice on the products;
d) clearly marked prices, wide variety and recipes or suggestions for use;
e) country atmosphere;
f) friendly helpful clerks; and
g) services such as picnic tables, washrooms, garbage containers and ample parking.

Customer Dislikes - Customers' main criticisms can be grouped into five categories - market facilities, quality, market service, price and clerks.

Time and time again customers refer to markets that are dirty, inefficient, loaded with insects and sloppy. Dirty containers and counters, overflowing garbage cans and workers with dirty aprons and hands project a poor market image.

Pot holes and puddles in the driveway, small parking areas and unsafe access from the highway are other complaints voiced by consumers. Another complaint was about advertisements stating market hours and then arriving to find the market had closed an hour or so early.

When it comes to quality customers are turned off by bulk displays containing rotten and spoiled products. There are many complaints about too ripe, too old, dirty and wilted fruits and vegetables on display. Unrefrigerated eggs are another no-no. Mixing over-ripe produce with under-ripe produce is frowned upon by shoppers. Instead, sell each for what it is worth. Consumers also complain about under-ripe products saying they can buy "green" produce at the supermarket anytime but they expect yours to be ready to eat.

Mixed sizes is another complaint. Don't mix a variety of sizes together in one container unless plainly marked on the package.

Consumers also dislike it when employees dump extremely perishable items, such as berries, into a bag for them to take home. To avoid this, include the cost of the container in the price or consider the option of two prices - one includes carton and one without.

One area of distrust is unmarked prices. Consumers tend to believe that prices will vary from day-to-day, clerk to clerk, or shopper to shopper. They also feel they are being misled when operators can't answer questions about the products.

The main complaint about price, however, is that it may be too high for the quality. One spoiled peach or apple in a basket does not represent good value.

Incompetent employees is another area of consumer complaints. Clerks that are rude, lazy or ignorant about the merchandise draw frequent complaints along with those who are unclean or unkempt. Complaints are also made about clerks who do not help carry out large orders.

Train your clerks in how to deal with customers, how to answer questions and complaints, and to project a positive image. Setting up some sensible dress standards will pay off as well.

Customers are people and like you and me they have their own annoying habits. Some are fickle and will go down the road to your competition and think nothing of it. Some are pinchers and feel they must handle all the fruit before making a selection. Others are socializers who'll block the aisles and check-out to chat with their friends. Still others are complainers about quality, price - you name it. And finally some are pilferers who sneak a grape here and there, or take berries off one box to add to their own.

As a marketer you have to be prepared to handle all types of people. Much of your success depends on your attitudes and willingness to deal with customers.

The following excerpt tells what a customer is.

1. A customer is the only reason for our doing business.

2. A customer is a human being with emotions very much like our own, and with fixed opinions.

3. A customer is a person who brings us his wants. (It's our job to fill them just as well as we are able to.)

4. A customer is someone who deserves a courteous and friendly reception at all times.

5. A customer is not someone with whom we should argue or match wits.

6. A customer is the person who makes it possible to receive our pay cheques.

7. A customer is not an interruption of our work - he is the purpose of it.

8. A customer is not dependent on us - we are dependent on him.

9. A customer is a person who forms his opinion of a market from the personal experiences with the employees.

10. A customer is the necessary lifeblood of this and every other business.

Laws and Regulations

Many laws and regulations cover the operation of direct markets. An operator who is familiar with the local, provincial and federal laws will be more aware of how these precepts affect his transactions with customers, suppliers and employees. He'll avoid, or at least be prepared for, any legal problems that may arise.

Daily workload may leave a market operator with little time to devote to these responsibilities. He has the option of increasing his knowledge of the law or delegating some of the responsibility to a lawyer or other advisors. The services of non-legal advisors may include accountants, management consultants, agricultural representatives, bankers, insurance agents or business friends.

The following sections deal with some of the more important legislation that relates to agricultural enterprises. If you have questions about their interpretation, consult your lawyer, accountant or agricultural representative.

Zoning Laws

Increased public concern for environmental protection has prompted many local and provincial officials to review the future needs of their communities. As a result, zoning ordinances have been passed to aid community development. They control building location, building by-laws, water and sewer service and signage. In most cases growers are allowed to build and operate roadside, farmers' or U-Pick markets but a building permit must be obtained before construction begins. When you apply for a permit the authorities will check to see if your operation conforms to local codes and that the building and operations will be an asset to the community. So, contact the local county planning commission for zoning information before you build or expand your market. Regulations may vary from county to county.

Grading Regulations

When selling fresh fruit and vegetables in Nova Scotia, the seller should be aware of the Nova Scotia Fresh Fruit and Vegetable Regulations, Publication #101, available at the N.S. Department of Agriculture and Marketing, Marketing and Economics Branch, P. O. Box 550, Truro, N.S.,B2N5E3.

These Regulations are designed to protect both the consumer and marketers who buy for resale, from sub-standard merchandise.

The Regulations apply to 30 fruits and vegetables and, in broad terms, state that produce must meet a minimum grade and, if packaged, that package must meet certain size and marking specifications.

Exemptions from the Regulations include carrots, beets and onions with tops on; blueberries and strawberries; gift packages and sales made at U-Pick operations.

Inspectors of the federal Department of Consumer and Corporate Affairs enforce the Regulations. If the word "enforce" creates an image of policing the retail counters, it should be remembered that the inspectors spend much of their time interpreting regulations and assisting the industry in better product presentation. As such, the inspectors are an excellent reference for the beginner on how to grade and package.

In the final analysis it should be remembered that the consumer is the severest grader and inspector the seller will encounter. Therefore, an ongoing effort is required to present a product that is well above minimum standards.

Health Regulations

There are two groups that check your adherence to health regulations. The Nova Scotia Department of Health has inspectors visiting markets to check on sanitary conditions. They will also be looking to see if you have an adequate and potable water supply.

The second group are representatives of the Health Protection Branch of Health and Welfare Canada and they will check the condition of produce. They may take samples (which they pay for) to test in their laboratories for purity, wholesomeness, contamination, pesticide residue, rot or mould. If their examination shows a "clear and present danger" to public health and safety, they can obtain a court order permitting them to seize products suspected to be in violation of the law.

Metric Conversion

Producers of agricultural products who sell directly to consumers are, by law, considered retailers. This includes door-to-door peddlars, back door sellers, market or U-Pick operators; all are subject to the regulations concerning metric conversion.

If products are sold by volume or weight, metric measure must be used. Metric terms must also be used in advertising.

The conversion or replacement of Imperial scales to metric scales is an allowable income tax deduction. The only legal way of avoiding metric measure, or Imperial measure for that matter, is to sell by individual containerful, or per single unit such as per head of cabbage.

For more information contact
Weights and Measures Branch,
Consumer and Corporate Affairs
Canada, Windmill Place, Suite 1,
1000 Windmill Road, Dartmouth,
N.S., B3B 1L7, 424-3831.

Minimum Wage Regulation

Agricultural employees are exempt from the minimum wage order unless they are selling at the retail level.

Direct marketers who hire farm employees on a piecework basis (i.e. blueberry, strawberry or apple pickers) are not required to pay minimum wage but most pay in accordance with the average amount picked based on minimum wage. This encourages good employee relations and you'll find most of your competitors pay this way.

The minimum wage for employees in Nova Scotia effective Oct. 1, 1982, is as follows:

Class of Employees	Rate per Hr.
18 yrs. or age and over	$3.75
underage employees	$3.40
inexperienced employees	$3.40

Where an employer provides an employee with board and lodging or either of them, the employer cannot deduct from the minimum wage an amount exceeding the following:

a) for board and lodging per week	$35.00
b) for board only per week	$28.25
c) for lodging only per week	$ 7.90
d) for single meals	$ 1.80

An employee cannot be charged for a meal he did not receive.

For more information about the minimum wage order contact the Labor Standards Division, Department of Labor and Manpower, P. O. Box 697, Halifax, N.S., B3J 2T8, or phone 424-4311.

Revenue Canada, Income Tax, Canada Pension Plan and Unemployment Insurance

As an employer, the direct marketer is required to deduct income tax, Canada Pension contributions and Unemployment Insurance premiums from each employee's pay. Revenue Canada Taxation provides employers with tax deduction tables to advise them of the amount of federal and provincial income tax that should be withheld from employee salaries. Employers are also provided with annual deduction tables advising them of the Canada Pension Plan contributions and Unemployment Insurance premiums.

Employers remit these amounts to Taxation each month either through their bank or by sending them directly to the Taxation Centre where a computer credits the employer's account and keeps a record of all deductions. Employers who fail to remit to the tax department the amount they have deducted can be prosecuted and fined.

Each year during January and February employers prepare individual records of earnings and deductions for all their employees which are called T-4 slips.

If you are self-employed or if less than 75 per cent of your income has tax deducted from it, you are required to send in quarterly installments of your anticipated taxes, based on an estimate of your year's income and tax payable, or on last year's tax payable. Farmers who pay more than $400 in taxes pay two-thirds of their tax by December 31 each year and the remainder on or before April 30 in the following year.

Canada Pension Plan

Revenue Canada Taxation determines who is covered by the Canada Pension Plan and collects contributions payable from employers, employees and self-employed persons.

Health and Welfare Canada administers the benefit provisions and has overall responsibility for the Plan.

The Canada Pension Plan (CPP) provides retirement pensions, disability pensions, benefits for dependent children of disabled contributors, death benefits and survivor's benefits on the death of a contributor. It operates in all provinces except Quebec, which has a similar plan, the Quebec Pension Plan.

Participation in CPP is compulsory for almost everyone between the ages of 18 and 70 who has annual earnings of more than $1,600 from pensionable employment or who is a self-employed resident of Canada with net income of more than $1,600 in the year.

Employers are required to deduct CPP contributions from their employee's gross salaries. They must also match these contributions dollar for dollar and remit the total amount to the Taxation office each month along with income tax deducted and Unemployment Insurance premiums.

CPP contributions are reported on employees' T-4 slips and can be claimed as a deduction for income for tax purposes. Any overpayment will be refunded.

Self-employed persons pay 3.6 per cent of their net income between the minimum of $1,600 and the maximum pensionable earnings ($16,700). This is equivalent to the combined employer and employee CPP contributions. They pay CPP contributions by installments at the same time as they pay their income tax.

CPP contributions and benefits are adjusted annually. In 1982, the maximum contribution for an employee was $268.20 while for self-employed persons it was $536.40 .

Unemployment Insurance

Revenue Canada Taxation also collects Unemployment Insurance (UI) premiums and administers the program while Employment and Immigration Canada looks after the payment of benefits.

Generally, payment of employer and employee premiums is compulsory. With some minor exceptions self-employed persons are not covered by the plan.

Employers withhold and remit UI premiums as they do CPP contributions. UI premiums are reported on each employee's T-4 slip and are deductible from income for tax purposes. In 1982, the maximum weekly insurable earnings subject to a premium is $350. The rate of premium is fixed each year by Employment and Immigration Canada. In 1982, employees paid 1.65 per cent of insurable earnings ($1.65 per $100). Employers pay a premium rate fixed at 1.4 times the insured person's premium. This rate may be reduced if an approved sick leave plan is maintained.

In May 1983, some important UI regulations concerning farm day workers came into effect. For their work to be insurable, farm workers must earn at least $77 or work 15 hours a week for the same employer.

This means if you have day workers who qualify you must give them a Record of Employment or ROE. You deduct premiums from the wages you pay these workers and send them to Revenue Canada Taxation along with your employer account number. If you don't have a number you can get one by contacting the nearest federal taxation office.

You then issue completed ROEs to day workers on the last day worked of each insurable week. Keep a copy for your files. If you wish, you can use the shorter Record of Employment - Agricultural Day Workers sheets which come in easy to use pads available at Canada Employment Centres.

To get UI benefits, your employees need a Social Insurance Number (SIN). Employees can apply for a SIN number at a Canada Employment Centre.

For more information on Income Tax, Canada Pension and Unemployment Insurance, contact the following:

Taxation Office
1557 Hollis Street
Halifax, N. S.
B3J 2T5

Canada Pension Plan
6960 Mumford Road
Halifax, N. S.
B3L 4P1

Employment and Immigration Canada office in your area.

Nova Scotia Health Services Tax

Anyone selling directly to consumers must have a vendor's registration certificate and tax number. After obtaining a number and certificate from the Provincial Tax Commission you will be required to prepare report forms on a monthly, quarterly or seasonal basis depending on your volume of business.

If you are selling only produce, prepared foods, bedding plants, or nursery stock, you don't have to collect tax from the purchaser. If you are selling jars, bottles, cookers, planters or garden tools you do have to collect the 10 per cent tax from the buyer.

More information on the Health Services Tax can be obtained from the Provincial Tax Commission, P. O. Box 755, Halifax, N.S., B3J 2V4, or phone 424-6708.

Workers' Compensation

The Workers' Compensation Act provides coverage for practically all principal industries and commercial enterprises when the total number employed exceeds TWO. Employees include all workers of an employer, regular, part-time and casual; and contractors or sub-contractors.

Within a corporate entity all employees are covered, including the company president, general manager, all officers and management personnel actively engaged in the operations.

For a person who is an independent operator with no employees, coverage is now possible by special application.

The purpose of workers' compensation is:

a) to provide compensation to injured workers;

b) to protect employers from liability due to an accident to an employee; and

c) to assist industry with safety programs.

The main principle from the employer's point of view is that compensation is mutual accident assurance whereby the costs and risks are shared with other industries in the classification.

Important Notes for Employers

1. Register all operations of your business promptly.

2. An unregistered employer is liable for the cost of an accident in addition to the regular assessments.

3. If in doubt as to who is protected, consult the W.C.B. immediately. Don't wait until an accident occurs.

4. Pay assessment premiums when due to avoid interest and penalty.

5. Investigate every accident.

6. When a qualifying accident occurs, complete and forward Employer's Report (Form 7) within three days.

7. Report the date on which worker resumed work to avoid over-payment of compensation by W.C.B.

8. Keep First Aid supplies up to W.C.B. standards.

9. Nova Scotia industry pays the direct cost of compensation. Indirect costs of accidents to industry are additional and are substantial. Successful accident prevention programs can cut this cost.

Employers with specific questions are advised to contact the Workers' Compensation Board office in Halifax or Sydney.

5668 South Street
P. O. Box 1150
Halifax, N. S.
B3J 2Y2
Telephone 425-8440

Medical Arts Building
336 King's Road
Sydney, N. S.
B1S 1A9
Telephone 564-6426

Product Procurement

Perhaps the most important duty in the direct market business is developing good ordering practices that ensure sufficient produce will be available to satisfy demand.

A few guidelines will help the operator to do a better job of ordering.

1. Set aside enough time to plan well. If you produce all of your supplies, diligent planning of what crops to raise, planting schedule, etc., is a necessity.

2. Ordering produce takes a lot of instinct, guessing and gambling. Don't underestimate consumers' needs. You can't sell what you don't have!

3. Order what your customers want - not only what you like.

4. Very often marketers try to sell out in the early afternoon, forgetting that many customers shop later. Some items like strawberries, mushrooms, fresh corn and raspberries should be carefully controlled, but other perishables should not be permitted to run out.

Other considerations to keep in mind are what day you are ordering for --

a holiday - will this increase traffic in your area? Is it a one, two, or three day holiday? Remember, you have to order ahead for these days.

pay day - increased money supply means greater sales potential, if you planned for it.

day of the week - a slow day? rainy weather? perhaps it's a big shopping day.

what season? - what items will sell more readily now? Will it be candied apples, cider, cranberries, grass seed, bedding plants, etc.?

Planning for the Season

As the seasons change so will consumers purchase patterns and direct marketers ordering practices. Customer demand in cold weather is for hot, cooking vegetables like potatoes, spinach, parsnips, onions and rutabagas. In cool weather appetites are sharp and are satisfied with a variety of fruits and vegetables. Spring time encourages outdoors meals, therefore it is a good time to promote sweet corn, fruits and salad items. In the summer it's salad and melon time. It's hot and people are looking for quick, easy-to-prepare meals.

Whatever season it is, capitalize on seasonal sales opportunities - locally grown sweet corn, strawberries, tomatoes, apples and peaches; watermelons for the first of July, cranberries for Thanksgiving, and sweet potatoes for Easter. Demand for these items increases rapidly and can fall off just as rapidly, so be on top of your ordering. Know when to get products in and out.

AUGUST ORDERS
QTY
CABBAGE
ONIONS
CORN
APPLES
TOMATO

Sources and Conditions

If you know the availability of a given item you can be the first to have it in stock and gain customer loyalty. If you order heavy at the peak of the season, and if quality is excellent, you can expect good movement. Beware of spoilage when produce goes out of season and quality goes down and order accordingly. The appearance of fresh fruits and vegetables and price have everything to do with how much you will sell. Know what the expected quality of each item will be for next week. As a guide to the availability of fresh Nova Scotia produce, see page 14.

Growing Your Own Produce

Many direct marketers produce and sell their own fruits and vegetables. This provides a dual return for the producer: a profit from product, and a profit from sales. As the market business expands, the need for more variety becomes apparent and many producers allocate some of their growing space to a wider selection of crops. Get acquainted with what varieties grow best in your area. Seed companies and your county agricultural representative can help you in selecting the best varieties for your area.

If the direct marketer does not grow his own produce, other sources may be U-Pick operations - some U-Picks offer prepicked products for customers who don't want to pick their own produce.

Wholesale markets - nearly every city, small or large, has a wholesale produce house where you can purchase a wide variety of fruits and vegetables in different sizes, varieties, quantities and stages of maturity. If the wholesaler does not handle certain items you want, he probably can obtain them for you.

Farmers' markets - local farmers' markets offer a good supply of fresh fruits and vegetables. Eventually you'll get to know the best producers and make some valuable contacts. However, don't overlook bargains that are occasionally offered by producers seeking your business. This usually happens at a time when there is an increase in supply caused by unusually hot weather.

Inventory Control

It is essential to know what produce you have on hand. No one can order intelligently without taking an accurate account of the items on hand.

First, organize your storage areas so you can count your merchandise easily. Next, take a complete inventory. It helps you know your stock, its condition and rate of turnover.

To make a complete inventory, check reserve stock, stock on display, and the produce already ordered. The best guide to making out an order is last week's and last year's product movement record. Save your inventory/order sheets as a record from year to year. These records, if properly maintained, will provide information on what was ordered, sold and at what retail prices.

Other information to record includes weather, price, advertising, promotions, new buildings in area, etc. See produce inventory order form on page 15.

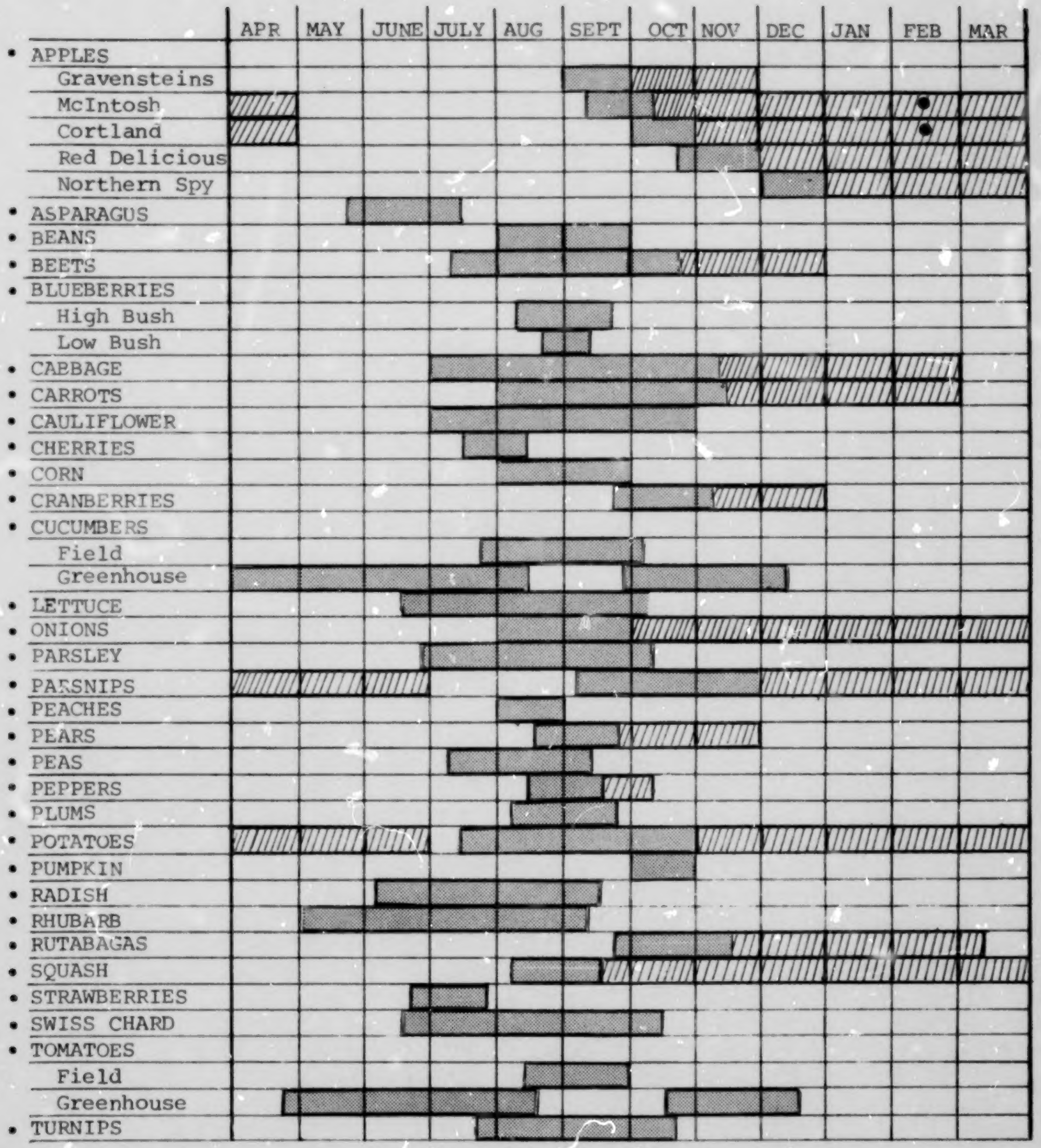
Homemade Foods

Homemade foods are becoming a big drawing card to direct marketers.

Many direct market operators have developed an outstanding reputation for homemade foods. Excellent money makers are apple butter, candy, cider, cookies, cakes, pastries, jams, jellies, preserves, molasses, sauerkraut, pickles and relishes.

The direct marketer has to determine how much time he has to produce these specialties. He may need to compromise by buying frozen pastries, cakes and cookies, and then baking them on the premises. Some markets have had outstanding success this way. Suppliers of jams, jellies, pickles, preserves, etc., are available. Look at your competitor's sources, or ask the advice of a Nova Scotia Department of Agriculture and Marketing specialist in the area.

AVAILABILITY GUIDE
FRESH NOVA SCOTIA PRODUCE



Prepared:

Marketing and Economics Branch
N.S. Department of Agriculture and Marketing
P.O. Box 550, Truro, N.S.
B2N 5E3

LEGEND:

▩ Harvest Time

▨ Storage Holdings

● Controlled Atmosphere Storage

PRODUCE INVENTORY ORDER FORM

______ FOUR WEEK PERIOD ______________________

						MONDAY				TUESDAY				WEDNESDAY				THURSDAY				FRIDAY				SATURDAY			
						1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
					WEATHER																								
					INVENTORY																								
					ORDER																								
	1	2	3	4	TOTAL																								
Price:					LEFT																								
Note:					SOLD																								
					INVENTORY																								
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	1	2	3	4	TOTAL																								
Price:					LEFT																								
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					INVENTORY																								
					ORDER																								
	1	2	3	4	TOTAL																								
Price:					LEFT																								
Note:					SOLD																								

COMMENTS: ____

PRODUCE INVENTORY ORDER FORM

_______ FOUR WEEK PERIOD _______________

		MONDAY				TUESDAY				WEDNESDAY				THURSDAY				FRIDAY				SATURDAY			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
	WEATHER	R				Cl																			
Apples - Del.	INVENTORY	4				2																			
	ORDER	0				2																			
1 2 3 4	TOTAL	4				4																			
Price:	LEFT	2																							
Note:	SOLD	2																							
Apples - McInt.	INVENTORY	6				4																			
	ORDER	0				2																			
1 2 3 4	TOTAL	6				6																			
Price:	LEFT	4																							
Note:	SOLD	2																							
Pears	INVENTORY	3				1/2																			
	ORDER	1																							
1 2 3 4	TOTAL	4																							
Price:	LEFT	2																							
Note:	SOLD	2																							

COMMENTS: ____

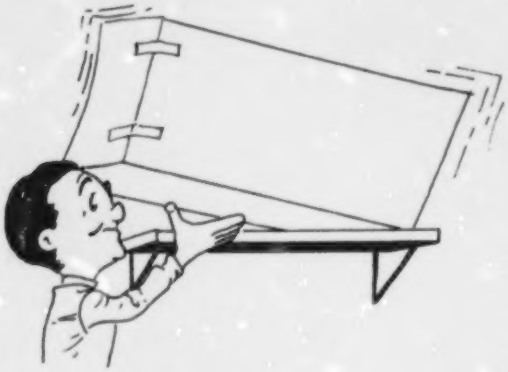
Flowering Annuals

Name	Ideal Spacing (CM)	Potential Height (CM)	Colors	Light Requirements	Hardiness	Special Uses
Ageratum	20	20-30	Lav., B, W, Pk.	Sun	Tender	Edges, borders
Alyssum	20	8-15	Lav., Pur., W	Sun	Very Hardy	Edges, rock gardens
Amaranthus	60	60-90	Colored foliage	Sun	Half Hardy	Colorful background plants
Aster	35-60	45-90	Lav., Pk., Pur., White, Lt. Red	Sun to Part Shade	Half Hardy	Great cut flower
Begonia (fibrous or wax)	30	15-25	W., R., Pk., Lt. Red	Sun to Part Shade	Tender	Pots, hanging containers
Browallia	25	25-45	B., W.	Sun	Half Hardy	Vines, hanging containers
Candytuft	30	30	W., Pk., Lav., R.	Sun to Part Shade	Hardy	Nice for bouquets
Celosia: Crested	60	25-45	Y., O., Dk.R., R., Lav	Sun	Tender	Can be dried; also colorful with evergreens
Feathered	60	30-90	Y., O., Dk.R., R.	Sun	Tender	
Chinese Forget-Me-Not	30	75	B., W.	Sun to Part Shade	Hardy	Good background for beds
Clarkia	45	60	W., Pur., Lt. R., R., Lav.	Sun to Part Shade	Hardy	Good cut flower
Cleome	35	90-120	Pk., Lav., Y	Sun	Tender	
Coleus	30	20-40	Colored foliage	Sun to Part Shade	Tender	Edging in shady garden
Cornflower	60	60-75	W., B., Lav., R., Pk.	Sun to Part Shade	Very Hardy	
Cosmos	60	90-150	Lt. R., Pk., W.	Sun	Hardy	Nice for cutting
Dahlia	40	30-60	W. Pk., Lt. R., Y.	Sun	Tender	
Forget-Me-Not	25	30	W., Lt. R., B.	Part Shade	Hardy	Rock gardens, edging
Gaillardia	35	35-60	Y., O., Dk. R.	Sun	Hardy	Window boxes, planters
Garden Pinks	30	35-45	Pk., R., W., Y., Dk.R.	Sun	Hardy	Fragrant
Geranium	30-35	45-75	R., Pk., W.	Sun	Tender	
Gomphrena	30	45-60	W., Pk., Dk.R.	Sun	Hardy	Can be dried
Impattens	60	20-75	W., Lav., Pk., Dk.R.	Part Shade	Tender	Can be grown indoors, too
Lobelia	20	10-25	B., W.	Sun to Part Shade	Hardy	Edging plant
Marigold: African (tall)	50	60-90	Y., O.	Sun	Half Hardy	
French (dwarf)	35	20-35	Y., O., Dk.R.	Sun	Half Hardy	Great for beds
Morning Glory	15	Vine	Pk., Lt. R., B.	Sun	Half Hardy	Great vine-type plant
Moss Rose	25	10-15	Pk., R., W., Y., O.,	Sun	Tender	Good for rock gardens
Nasturtium	35	30	R., O., Y.	Sun	Tender	Some can be trained to climb
Nicotiana	60	35-75	W., Pk., Dk.R.	Sun to Part Shade	Tender	Fragrant
Pansy	25	10-20	W., Y., O., B., Multi-color	Sun to Part Shade	Very Hardy	Edging Rock gardens
Periwinkle	25-30	30-35	W., Pk., Lt.R., R., B-colors	Sun	Tender	Can stand hot or dry conditions; low maintenance
Petunia	30	25-45	All colors and varied colors	Sun to Part Shade	Half Hardy	Borders, beds Hanging containers
Phlox	45	25-50	W., Y., Dk.R., Lav., Pk.	Sun	Hardy	Rock gardens, window boxe
Salpiglossis	45	75	Y., Lav., Dk.R., W.	Sun to Part Shade	Tender	Unusual flower
Salvia	35-50	60	R.	Sun	Tender	Excellent for beds
Stock	35	35-75	W., Pk., Lav., Dk.R., Pur.	Sun	Hardy	Excellent cut flower, fragrant
Strawflower	75	75	W., Pk., Y., O., Dk.R., Lt. R.	Sun	Hardy	Can be dried
Sweet Peas	15	Vine	W., Pk., Lt.R., B., Lav., Pur., R.	Sun	Very Hardy	Fragrant
Verbena	45	20-45	W., Pk., Lt.R., R., Lav., Pur.	Sun to Part Shade	Tender	Excellent for beds
Zinnia	45	30-90	W., Y., O., R., Lt.R.	Sun	Tender	Superior cut flowers

Key to Colors:
Purple - Pur.
White - W
Dark Red - Dk.R.
Pink - Pk.
Red - R
Blue - B
Lavender- Lav.
Yellow - Y.
Orange - O
L. Red - Lt.R.

Key to Hardiness:
Tender - can be planted only after all danger of frost is past.
Half Hardy - will stand cool temperatures, but not frost.
Hardy - will stand light frost.
Very Hardy - will stand some moderate frost.

Product Handling



Maintaining produce quality is a matter of time, temperature, humidity and care. And, because the farm market is involved in the sale of fresh fruits and vegetables, it is important to maintain a desirable environment by control of these factors.

The following general care principles will help ensure the successful maintenance of produce.

1. Handle with care. Insist on its observance by all personnel as rough handling inevitably means a serious loss in quality. Rough handling by the customer may be minimized by arranging the displays so selections can be made without digging into them.

2. Keep it cool. As refrigeration slows the respiration rate of fruits and vegetables, it is important to store produce at a suitable temperature. Avoid excessive temperatures - high or low.

3. Control moisture. Most fruit and vegetables have a high water content and loss of moisture results in wilting and drying that detracts from the appearance, general quality and usually results in the loss of nutritional value. Plants will retain water content in a moisture-controlled environment.

Receiving and Storage

The proper receipt of produce on delivery is the first step in maintaining the quality and freshness that distinguishes market produce. A good receiving procedure is to prepare in advance. Check the following to determine how well prepared you are.

1. Check the record of the expected order. Look for anticipated shipments that will have unusually large space requirements.

2. Consolidate all carry-over merchandise in one corner (or on one pallet) in the cooler; and along one wall (or on certain pallets) in the non-refrigerated backroom.

3. Code date all carry-over stock to assure proper rotation after new merchandise arrives.

4. Clear sufficient space for the incoming order by emptying enough pallets or opening up enough floor space.

5. Clean up while there is time and before the congestion of another delivery makes sweeping impossible.

6. Condition containers that are being returned to the warehouse, making sure they are in good shape so that proper credit will be granted.

Employees should be instructed on which items to refrigerate. A classification chart posted nearby is a useful reminder and check list (see insert).

Produce Inspection

Inspect all produce on delivery. Inspection is important for the following reasons:

1. The condition of the product can be noted. Items showing any signs of deterioration or advanced degree of ripeness can be put on sale immediately.

2. A count of the containers against invoices can prevent misunderstanding on overages or shortages.

Due to the bulky and sometimes delicate nature of the products, the following can help:

1. Stack merchandise to allow circulation of air, especially burlap bags of potatoes and onions.
2. Stack boxes and crates to prevent bruising and other damage.
3. Do not place wet produce on top of dry produce.
4. Never drag or store bags on a wet floor. Stack on pallets off the floor and 10-15 cm from the walls.

Even with backrooms, circulate the air. Try a portable fan if nothing better is available. Keep the back door closed. If you have windows, shade them or paint them white to reflect heat. Keep thermometers in the cooler and backroom.

Inventory Control

Marking the receipt date on the crate or carton is a common practice and helps assure that merchandise will move to the sales floor in correct order. The "first-in, first-out" principle should be strictly enforced unless the merchandise being received is riper than what is presently on hand.

Proper inventory control starts with planning and placing the order. The most important aspect of ordering is determining the quantity to order.

The day of the week, week of the month,(pay week, government cheque week, etc.) items in season, advertised items and weather projections are some of the considerations that must be made before ordering. You must know what product is available, what items are losing their sales velocity, what items are in the backroom, in the cooler and on display.

Truck Unloading

It is important to have adequate handling equipment available at delivery time. If the produce order is on pallets, it is important that adequate storage space and a lift truck be available. If your market is not large enough to have a lift or hand truck, then a conventional conveyor can be set up to help lessen the burden of lifting and carrying to storage areas.

Backroom Planning

The reputation for quality produce is as dependent on the backroom operations as on the policing of quality in the sales area. Sanitary conditions, good working methods and concern over quality are priorities which must be met.

A good backroom lay-out can save thousands of steps, hours of work and many dollars in labor. The following suggestions may help increase efficiency and save dollars.

1. The produce cooler should have a floor that is flush with the rest of the market floor so that wheeled equipment can be used to get produce in and out. A rectangular cooler will give the most useable cooler space. It should open to permit the flow of produce to the preparation area. The sorting-trimming-washing-packaging operation usually works best when the produce is moved from the worker's right to left (left to right for left-handed).

2. A dump table for inspection and grading is essential and might be the first step in this preparation set-up.

3. Next should be a sink (double tubs are best) for washing root crops and green vegetables. A spray nozzle attachment on the sink will speed up the washing of vegetables.

4. The sink drain board is next on the left. This table can be used for sorting, grading, sizing and packaging washed vegetables.

5. A re-packing table is next. This arrangement is important for increased efficiency in handling produce arriving directly from the field in crates or bushel baskets.

6. Along the rear of the table is a 90° "V" conveyor trough (20 cm above the table surface) in which field crates or cartons are placed, with crates tilted toward the worker for easy removal of contents into smaller containers.

7. Store small containers on a shelf just above the conveyor.

8. A conveniently placed tool rack will make it easier to find equipment. Make a rack to hold trimming knives, crate opener, rubber bands, hand broom, mop, shovel and brush.

Trimming and Handling

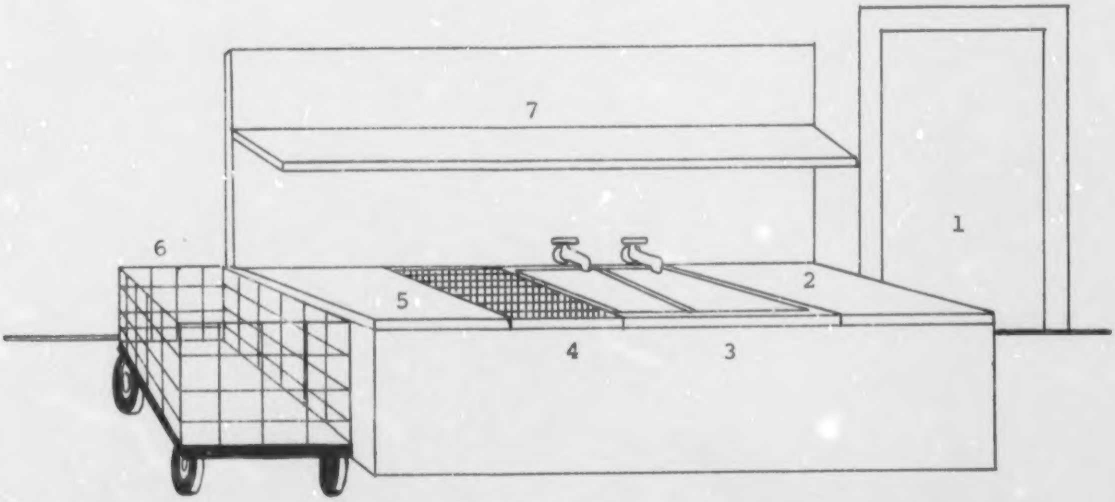
The methods of trimming are similar in most markets; the following techniques should be helpful in obtaining maximum production.

1. Work directly from the shipping carton or crate.

2. Trim leaves and stalks first, then the butt.

3. Use both hands. Complete the final trimming action with the left hand while the right hand picks up the next item to be trimmed.

BACKROOM WORK AREA



1. COOLER 2. DUMP TABLE (sorting, trimming) 3. SINK (washing)

4. DRAIN BOARD 5. REPACKING TABLE 6. PRODUCE CART

7. Small containers, supplies and cutlery stored on wall above work space.

4. Use sharp knives and practice safety. Don't place fingers in front of the blade.

5. Minimize the number of times you handle a product.

6. Dispose of trimmings as soon as possible.

7. Place products into container which will convey it to display location, thus minimizing bruising and saving labor.

Pallets, 4-wheel carts, mobile racks, etc., provide efficient, back-saving ways of moving vast tonnage from the preparation area to the sales floor.

After Closing Hours

All perishable items should be moved to the storage cooler at the end of each day unless cooler temperature exceeds the counter temperature by more than 3°C (6°F), or the items are very susceptible to handling damage and are already on refrigerated counters.

Any produce left on the refrigerated counters should be covered with a wet canvas or damp burlap sheet to prevent the water content from evaporating into the drier store air.

The counters should be checked and culled first thing in the morning, ensuring that the display will contain only top quality produce.

A few items need special handling. Green beans that are not refrigerated on display do best if left at store temperatures overnight rather than being carried to the cooler. Leafy vegetables need ample space to permit them to breathe when stored overnight. Some may also dry out unless covered by wet burlap.

On week-ends, all refrigerated and perishable produce should be kept in the cooler and non-refrigerated items should be stored on carts in the backroom. The empty display cases should then be thoroughly cleaned.

Early Monday morning, the produce should be checked and culls recorded. Any saleable carry-over stock should be used to fill in the display cases and, if necessary, supplemented with fresh produce.

Pest Control

We all know how flies, wasps and other insects create an unfavorable impression with customers. It is a common problem that can become costly if let get out of hand to the point where customers do not come back.

While insect control is difficult it is not impossible. The first step is the elimination of favorable breeding conditions. Trimmings, decayed produce and other wastes should be kept in tightly covered garbage cans and disposed of once or twice a day. Careful attention to sanitation will go a long way in discouraging insects.

Reducing the possible entry points by caulking and sealing cracks and joints in the foundation and around windows will help cut down on the number of insects in the market area. Check window and door screens for holes and tears. Repair or replace them and keep them in good shape.

Avoid bringing in produce that is spoiled or badly infested with insects.

Two types of insecticides are available for controlling insects. Short-lived, knock-down sprays such as pyrethrin will kill flying insects that are directly hit by the spray. Control for longer periods is achieved by using residual chemicals such as diazinon, malathion and propoxur. These control crawling insects that contact the treated surfaces. The effectiveness will last from four to eight weeks depending upon the quality of sanitation.

Plastic strips impregnated with dichlorvos are not designed to be used in open areas. They need an enclosed room for best results so hanging these strips under the eaves of an open market is a waste of money.

Using Insecticides Safely

1. Buy pesticides that are labeled for your intended use and have Pest Control Products Agency (PCP) registration numbers.
2. Check the directions and safety recommendations before buying and applying insecticides. Follow directions EXACTLY.
3. Keep insecticides in original, labeled containers in a place secure from uninformed persons, children and animals.
4. Plainly label pesticides even when mixed or diluted for use. Wash sprayer out several times after use.
5. Store where insecticides cannot be accidentally mistaken for food or cleaning products.
6. Store or cover all foods, dishes and utensils before spraying.
7. Keep people and animals away from places when using insecticides.
8. Avoid unnecessary exposure when using insecticides.
9. Don't smoke, eat or drink when you are working with insecticides.
10. Wash hands and face thoroughly with soap and water after using insecticides.
11. Throw empty containers in the trash. Do not leave them where children or animals can get them.

Fly Control

Flies are a major problem around markets especially when there is an abundance of very ripe produce. All potential breeding grounds must be removed from the market area. These include product trimmings, discarded fruit and vegetables or other organic material.

Tightly closing trash containers and regular trash removal will also help. Insect populations may also build up in rural areas as a result of nearby livestock operations or other farms with accumulations of organic matter in the process of breaking down.

Diazinon sprays around doors and windows may be sugar baited (sugar added to the spray) to increase effectiveness. The best time to apply a residual insecticide may be early in the week when the market is not as crowded. Areas where the flies congregate such as under eaves can more readily be treated then.

Ants

Ants may react to your market stand as if it was a picnic. Find out where they are coming from and concentrate your efforts on the nests. Ant hills are often under sidewalks, driveways or around foundation walls. Usually, a single application to the hill will work quickly to provide control. Residual chemical applications as for other pests will also help control them in the stand.

Carpenter ants are large black ants. They nest in wood but do not feed on it. They generally prefer to start a colony in decaying wood and then spread into sound wood. Locating the nest and replacing damaged wood plus the use of residual insecticides is necessary for control.

Wasps, Hornets and Yellow Jackets

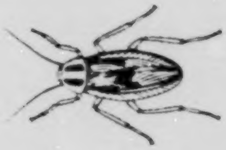
These annoying insects can quickly discourage customers from entering a market. It is important to locate the nest in the building area to destroy it. Nest location depends upon the specific pest involved. Some nest in the ground and retaining walls while others build nests in open but protected areas such as under the eaves of a building.

Control is best conducted just before dark when the insects will be in their nest, yet you can see. For personal protection, wear coveralls securing the sleeves tightly at the wrist, buttoning up at the neck and tucking pant legs into boots. You may also wish to wear heavy gloves and a hat.

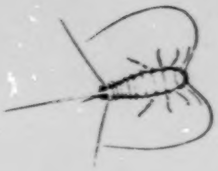
Residual insecticides such as malathion or propoxur can be sprayed onto the nest concentrating the spray around the entrance. Propoxur is available in convenient pressurized cans. After the insects have been killed, remove and destroy the nests.

For nests in the ground, spray or dust the area heavily at night with a residual insecticide. Cover the opening with soil and moisten it so it is packed tightly. Check the area daily. A repeat treatment may be necessary.

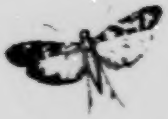
Miscellaneous Pests



German Cockroach - These insects may be found crawling around inside and underneath cartons and baskets in back rooms and storage areas. Apply diazinon or propoxur as a spray wherever they are seen. Avoid contamination of food with the spray.



Silverfish - Silverfish may be found in warm, secluded places. They cause damage by feeding on cellulose material and starch in glues, wallpaper, flour and cereals. Infested areas should be thoroughly cleaned and residual treatments of diazinon, malathion or propoxur applied to cracks and hiding places where they are found. Repeat in two weeks if necessary.



'Millers' - The adult moth stage of numerous caterpillars are attracted to the night lights around markets. The use of yellow lights will discourage them somewhat but it also gives an off-color look to the produce.

Rats and Mice

Rats and mice can also cause considerable damage at the market. These animals are the most widespread and destructive pests in the world. They eat and contaminate vast amounts of food, destroy buildings and property and spread numerous diseases.

Rats and mice can be controlled or destroyed only by a continued and vigorous campaign. Rodent-proofing buildings, eliminating nesting sites, removing food and water supply, and poisoning, fumigating and trapping are effective ways to ward off rodent infestations.

Rodent proof buildings are constructed with concrete floors and footings, tight-fitting doors and windows and wire screens over basement windows and vents. Block off all openings and destroy nesting sites, burrows and hiding places. Eliminate water sources such as leaky taps, open water troughs, sweating pipes and open drains. In new construction treat between walls with lime to repel rodents.

For a serious problem with unwanted visitors at your market you may prefer to hire professionals to control the pests.

Remember a pest-free market reassures customers that you take time and care with the products you sell.

Pricing

Pricing is a crucial function of direct market management. The successful operator knows he can maximize profit by keeping up with market conditions and setting prices at the highest point consistent with satisfactory volume.

The important question is "how much is enough?" To answer it, the operator must understand pricing factors. If prices are higher than others in the area, people will shop elsewhere. If prices are lower than cost, the market will fail.

Factors to Consider

Fixed costs - are expenses that remain constant regardless of sales volumes. Things such as wages, telephone, light, heat, insurance and taxes. Depreciation is a fixed cost and should be included in your pricing policy.

Depreciation - is the process of spreading (writing-off) the value or cost of an asset over the accounting periods comprising the asset's service life. For example, the expense of erecting a building which is estimated to have a useful life of 10 years should be charged against the operation's profits over that 10 year period.

Variable costs - are expenses that vary in direct relation to sales volume. These deal with the cost of the product being sold and are incurred either through actual purchases from suppliers or generated within the operation itself, e.g. cost of producing a bushel of apples or other produce. Variable cost per pound equals the total cost of production divided by total yield, e.g.

A Total variable cost = \$10,500
B Total yield = 100,000 lbs.
Variable cost per pound A ÷ B = 10.5¢/lb.

For the operator who is selling his own produce it may be difficult to establish costs. As a guide in determining prices the Nova Scotia Department of Agriculture and Marketing publishes a bi-weekly Market Report listing eggs, broilers, chicken, turkey, hogs and livestock. The Report also lists wholesale prices by quality, variety and size for fresh produce in season. The Department of Agriculture and Marketing also operates a Market Line (678-6020) out of their Kentville office providing information on wholesale and retail produce costs from Boston, Montreal, Ontario and Nova Scotia.

Break-Even Analysis

The break-even analysis lets the direct marketer study the relationship between fixed costs, variable costs and total revenues to show the level of sales that must be maintained to operate at a profit.

The following formula can be used to determine selling price.

$$P = \frac{F + V}{Q}$$

P = selling price
Q = quantity produced and sold
F = fixed costs
V = variable costs

For a producer to determine what quantities he must sell in order to obtain his financial objectives the following formula is used.

$$Q = \frac{F}{P - V}$$

If he wants to find a desired profit level this can be achieved by adding the desired profit (D) to the right hand of the equation.

e.g. $P = \frac{F + V + D}{Q}$

This calculation need not dictate selling price but it provides some indication on whether or not the producer can be competitive within given market factors.

Other factors to consider:

1. **Quality** is the most important consideration in determining price. Selling above the general market level is justified if quality is superior. Some consumers consider themselves fortunate to be able to find the very best and will pay for it. If your customers desire top quality, adjust your grading to separate this quality and charge accordingly.

2. **Turnover rate** or how fast you can sell your products will be determined by your method of pricing. This means pricing at a level that will not cause products to move so fast that you cannot keep up with the demand. Likewise products should not be priced so high that it is impossible to sell them.

3. Competition is another important factor. Watch what your competitors are charging. It is not necessary to charge the same price, but you should try to set prices that fit into the competitive structure of the market area.

4. Demand for products may warrant higher pricing, e.g. the first strawberries of the season will probably be in high demand.

5. In-season products that are readily available should be priced accordingly. This factor is usually related to demand.

6. Waste and unseen losses through spoilage, careless handling and shoplifting can be sizeable.

7. A market located in or near a high income area may influence the pricing schedule as compared with a market in the country.

Margins and Mark-Ups

To make quick financial analysis you should understand two pricing concepts - margins and mark-ups.

A margin is a percentage of a selling price while a mark-up is a percentage of the cost of goods.

To figure per cent of a margin on selling price, subtract the desired per cent of margin from 100 per cent. Then divide the cost of the merchandise by the remainder.

Example: If you want a 40 per cent margin on a carton of lettuce that costs $9.00, subtract 40 per cent from 100 per cent (60 per cent) and divide $9.00 by 60 per cent, which would be $15.00, your selling price.

Twenty-four heads per carton. The individual selling price would be $0.63 to make a 40 per cent margin.
$15.00 ÷ 24 = .625

If you want to figure the selling price as a percentage of the cost of goods, (a price mark-up), then a 40 per cent mark-up on a carton of lettuce that costs $9.00 would sell for $12.60 a carton, individual price $0.53 per head.

$$\begin{array}{rrl} \$9.00 & \$9.00 & \\ \underline{.40} & \underline{3.60} & 12.60 \div 24 = .525 \\ 3.60 & 12.60 & \end{array}$$

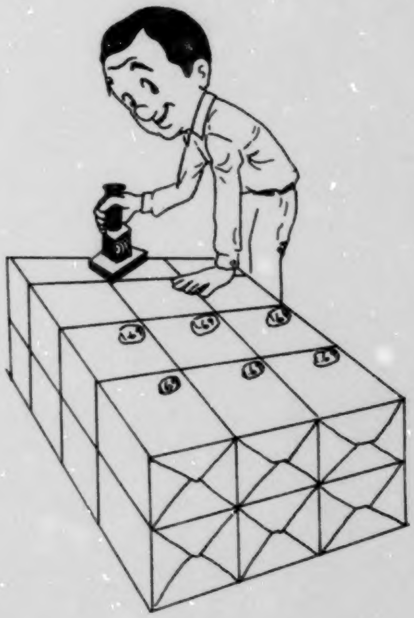
Cost of goods X per cent mark-up + cost.

Ask yourself these questions when pricing:

a) Is the price justified by quality and conditions?

b) Is the price competitive for the quality and conditions?

c) Will the price promote turnover while the product is a value?



Pricing Techniques

There are several pricing systems you might want to use. Before you do:

a) check your competition;
b) read grocery store ads;
c) know what is in season; and
d) know your harvest-to-market cost.

The following pricing systems are widely used:

1. "9's" There seems to be something psychologically appealing about 69¢ versus 70¢.

2. "5's" Many farm marketers prefer pricing in multiples of 5, since it appears more "farm-like" and less commercial.

3. "2 for" Instead of selling one for 15¢, you sell 2 for 29¢.

4. "one price" multiples. A product is priced as a single unit, but you offer a savings with multiple purchases, i.e. one apple for 29¢ or four for $1.00 .

One factor that should not figure into setting prices is last year's price. In these times of rapid inflation, a higher price this year is not a measure by itself of the present market. There are producers who are satisfied to receive a penny's increase over last year when it actually should have been nickels or dimes.

Whatever price you decide upon, put it boldly on a sign. Customers do not like to be embarrassed by asking price and then deciding not to buy if the cost is too high. Others are reluctant to ask the price and as a result do not buy.

Marketing

The art of marketing is based on knowing your products, your customers and yourself - the three "knows" of marketing.

The self-service supermarket has become very impersonal - few smiles, no shopper assistance and often staff even forget to say thank you. Direct marketers can really capitalize on these weaknesses. Smiling, helping shoppers with selection and saying thanks create a pleasant shopping atmosphere. These factors, along with knowledge, honesty and sincerity give your market the image of being the place to shop for fresh fruit and vegetables.

Fundamentals of Successful Marketing

Know Your Product - Make sure you know the types of merchandise you carry. You and your staff should acquaint yourselves with all the important facts about each product. Customers will often ask where a product is grown and what to look for when making their selection. Other customers will want to know about care, storage and preparation. Still others will be interested in the nutritional content of the product.

Know Your Customers - One smart marketer once said "the customer's name is the most beautiful sounding word in the world". One thing for sure, customers like to be recognized and acknowledged. Try to learn the names of as many of your customers as you can. Obtaining customer's names and addresses can serve as a mailing list when you want to publicize opening dates, special events or when certain items are in season.

Learning things about your customers' lifestyle can also help you market your products. Are a lot of them interested in making jams or pickles? If so, you might consider stocking the other ingredients and the tools they will be using. Do a lot of working people shop at your market? They'll be interested in easy-to-prepare, fast cooking items and recipes.

And, don't forget the "silent salesmen" that can help your salespeople sell your products. They include:

1) an attractive market;

2) convenient parking with adequate outdoor lighting;

3) attractive, fresh and full displays;

4) easy-to-read signs in plain sight;

5) packaging to suit various size families;

6) knowing what customers want and trying to supply it;

7) helping customers identify good quality;

8) allowing customers plenty of time;

9) offering tips on care, storage and preparation;

10) seasonal decorations; and

11) weekly features (in-season values).

It's the everyday little "extras" that result in repeat sales.

Handling Complaints

Another area of marketing is handling complaints. Anyone dealing with people will be confronted periodically with both small and large complaints. Your ability to handle these complaints will determine whether you keep or lose a valued customer.

When dealing with complaints think of things from the customer's point of view. Try to understand her needs and problems. Don't assume you know more about the merchandise than the customer even though you may. Never point at a customer to add emphasis to your remarks or tap the shopper on the shoulder to get her attention. Most customers find these gestures annoying. Don't knock the competition if the customer should mention it. Instead keep an open mind, adopt a confident posture and handle the situation in the way that will foster good will.

Some marketers find that inviting customers to tell you if products are not satisfactory prevents serious problems from developing. Remember the customers are the real boss. They keep you in business. They buy where they wish and return when they please.

In general, treat shoppers as you would like to be served. Be understanding, attentive and courteous; friendly but not overly familiar.

Know Yourself - The appearance and attitudes of your staff have a direct influence on the customer's opinion of your market.

The staff's personal appearance is one of the first things that catches the customer's eye. Seemingly little things like well groomed hair, clean hands and tidy clothes make a big difference to the customer. It's difficult to keep clean with all the messy jobs to be done around a market but changing into clean clothes regularly will pay dividends.

Pay attention to your health and that of the staff. If someone is feeling ill their performance drops and in some cases, may even discourage customers. No one wants their food handled by someone who is sneezing, coughing and talking about how sick they feel.

Finally, work with your employees to develop and radiate (to customers) a sense of pride and enthusiasm in your market. Brief employees about good customer relations and effective marketing methods. This includes things like answering the phone with a pleasant, helpful sounding voice and keeping the market aisles clear when loading the shelves. And, things like being available to help shoppers without "dogging" them all over the market or suggesting shoppers try related items.

Personnel Management

Patrons of direct markets expect a cordial atmosphere and friendly service. To provide these conditions, the operator must find and hire the right employees. Alert, well-trained and courteous salespeople build sales volume that no amount of advertising or attractive display can achieve.

WILL THAT BE EVERYTHING SIR?

Job Descriptions

In finding the kind of workers needed, the operator must first define the job and skills needed, and then the type of employee that will fit the job. Some factors that should be included are:

a) What is the position that is offered?

b) What task(s) are involved?

c) How much experience is required?

d) From a housing standpoint, are there any preferences for a married or single person, male or female employee?

e) Is the position permanent or temporary?

f) Will the employee be working alone; be supervising others?

g) What is the pay, benefits and hours of work?

h) Who does the employee report to?

Finding Employees

Direct marketing demands long hours, usually seven days a week. Prospective employees may be recruited by the following methods:

1) Canada Farm Labour Pool;

2) newspaper advertising;

3) word of mouth (vets, milk transport drivers, agricultural technicians and representatives, present employees, etc.);

4) agricultural colleges;

5) notice in local feed mill;

6) Canada Employment and Immigration Commission;

7) high school and college students;

8) homemakers - tend to be excellent salesclerks because they recognize customers' needs; and

9) retirees - can be responsible and are usually willing to work a few extra hours when necessary.

Screening Applicants

Interviewing and selecting personnel are the operator's most difficult tasks in finding workers. In selecting personnel, the operator must consider personality, enthusiasm, abilities, intelligence, and good grooming. In considering personality, you can assume that people who enjoy making friends easily are most likely to radiate the warmth and cordiality that shoppers appreciate in a salesclerk.

When hiring for a permanent position, it is usually wise to bring two or three potential employees in for a second interview. The two-interview system allows for the first interview to be used as a screening session while the second is designed to produce a selection decision.

A well-organized application form will give you the factual basis for judging applicants. It should supply educational and work experiences, names of former employers and references (see sample application form on page 33).

Evaluating the Data and Preparing for Interviews

After looking over the applications, the employer will have to evaluate the data and start interviewing. Here are a few steps for successful interviewing.

1. Prior to the interview, prepare a checklist of those topics to be covered.

2. Keep in mind the position that you have to offer and ask questions that focus on the applicant's potential for filling the job.

3. Begin the interview by describing the job and your organization. Outline the position available, responsibilities, pay range, benefits, hours and time off.

4. Take sufficient time for the interview. Let the applicant talk about himself and his previous work experience. This will give you an idea of his background and work habits.

5. Ask specific but open-ended questions. What did you like about your last job? Did you work with things or people? Remember you are in a "people business".

6. Invite questioning from the applicant.

7. Be objective and unbiased. Don't allow your feelings to cause you to reject your potentially best applicant.

8. After the interview, note your impressions on the application form and put it aside until you have seen all applicants.

9. It's usually not desirable to hire persons who are overqualified for the job. They will soon grow dissatisfied with the lack of challenge and responsibility.

10. Verify the information you have received from the applicant by checking with former teachers, school counsellors or previous employers.

When you have verified all the information you are ready to select the best person for the job. As you weigh the merits of each applicant, keep in mind that the right employee can help you make money; the wrong one can waste time and materials and, in some cases, drive customers away. Take time (1) to determine the kind of employee you need, (2) to contact sources who can help you find applicants, (3) to interview them, and (4) to check the information you get in that personal contact.

Finally, inform all those interviewed, whether hired or not, about your decision. This courtesy will be appreciated and you may want to hire one of these people in the future.

Employee Training

The work habits and attitudes taught to new employees may last a lifetime. Therefore, it is important that the trainer has an organized way of training. Four factors that should be considered are:

1. A time table for planned use of time.

2. Breaking down the job into the principal steps. Pick out the key points beforehand so you don't waste your time and the trainer's time.

3. Have all material, equipment and supplies available and in good working condition to use during the training period.

4. Have the work place properly arranged so you're not only training a person how to do a job, but how to do a job under certain conditions.

The importance of starting employees out right cannot be overemphasized. Here are a few additional helpful training habits:

1. Tell all employees why their work is important and how they fit into the whole market pattern.

2. Help them to understand the "why" of doing things. Remember, you do a better job when you understand.

3. New employees are usually eager to learn. Never will there be a better time to give the correct instructions and establish your expectations of the job. However, make sure that other employees are meeting the same standards.

4. It is much easier to show proper job methods at the start of the job than to correct poor work habits later. Show one step at a time while telling and explaining why; then have the employee do the task and explain it to you.

5. On-the-job training can be more rewarding under the "buddy" system where an experienced employee helps train a new one.

6. New employees should be informed on the market's progress and market policies (break period, days off, hours of employment, vacation, customer courtesy, etc.). Positive information about your objectives should boost employee morale, and impress their families and friends who are among your customers.

7. Encourage employees with praise. This may stimulate new ideas, better and more effective work methods, which will be evident to the shoppers.

Motivating Employees

Getting people to work not only for you, but with you, and to keep them working is never easy. How well you do this job depends on how well you can manage and motivate employees.

One way to motivate employees is by listening to their ideas. This can be done through a suggestion box or a discussion session at employee meetings. If you adopt an idea, commend or reward the giver. If you don't, explain why.

Keeping employees informed about market happenings builds positive attitudes. Holding regular meetings to discuss special sales, new items and outstanding work make employees feel that they are an important part of the business.

You'll find that expressing a personal interest in employees as people serves to motivate. Holding private meetings on a regular basis helps air questions, ideas or problems so they can be resolved or acted upon. If factors outside the job seem to be troubling an employee be understanding rather than judgmental and suggest he get help from a relative, friend or professional.

Nothing builds morale like giving praise for a job well done. Pride in work well done can be defined as an emotional attachment to the business itself. It is the end product of skilled management and is reflected in the individual and in the general feeling of all employees toward their employer. When employee satisfactions and needs are being met, high morale results and, as such, is an important indicator of employee management.

Providing effective supervision and management is the employee's most important source of motivation. Under a manager that follows good management planning, organizing, directing and controlling, a worker will perform to the best of his ability. Poor management brings about the opposite results.

Employee Questions

All employees will inevitably ask certain questions regarding the day-to-day work procedure. An effective manager will anticipate these queries and have the answers at hand. Be prepared for questions like:

a) What is to be done?

b) How is it to be done?

c) Why is it to be done?

d) Who is going to do it?

e) Where is it to be done?

f) When is it to be done?

g) What are your feelings and attitudes toward an employee's performance?

h) Do you follow up to see that orders are carried out?

Work Incentives

To motivate workers, a manager must establish a definite system of incentives and rewards - both monetary and non-monetary.

As a money incentive, pay is the most tangible form of recognition of the employee's worth to the company.

Besides actual pay increases, there are bonus plans, profit sharing and extra pay for reducing costs. One form of bonus is to pay higher wages than the prevailing rate, e.g. 15 cents per hour more than the competition is paying.

Other forms of reward include gifts for long service, awards and plaques or an announcement of promotion in the local newspaper. Still other ways to recognize employee efforts are taking employees to lunch, social gatherings or sending cards on his birthday or when he is ill.

Inter-related with these money and non-money incentives are the fulfillment of such needs as work achievement, self-achievement, social prestige and self-esteem. Work achievement means establishing reasonable work production standards for each job. Study and evaluation of standards and workers' production should result in a reasonable output for each position. Living up to these standards brings a sense of achievement to employees.

Self-achievement tops all other considerations as an additional incentive especially for the more ambitious and intelligent employee. This means an employee knows there is an opportunity to climb the business ladder. This may be participating in short courses, information sessions, fairs and commodity meetings.

Social prestige grows through relationships between people. Employees are dominated by such motives as the need to belong, need for love and affection, and the need for acceptance. The efficient manager makes full use of this motive in formulating incentives policy. A 10 minute rest when employees can sit down and enjoy a few minutes of each other's company and a little refreshment fulfills important social needs and develops social prestige.

Self-esteem is concerned with the employee's view of himself. Examples are acknowledgement of employee's good work by employer and by others, status in the community, respect, distinction, attention, importance and appreciation. The higher the self-esteem, the stronger are one's confidence, character, worth and usefulness to the business. Denying this need leads to a feeling of inferiority and discouragement.

SAMPLE APPLICATION FORM

NAME		DATE	
ADDRESS		POSTAL CODE	
PHONE NUMBER	DATE OF BIRTH	SOCIAL INSURANCE NUMBER	
DO YOU HAVE A DRIVERS LICENSE - YES ☐ NO ☐	OWN A CAR ☐ YES ☐ NO	LANGUAGES SPOKEN	LANGUAGES WRITTEN
DESCRIBE ANY PHYSICAL OR HEALTH LIMITATIONS YOU WOULD LIKE CONSIDERED			

HIGHEST GRADE COMPLETED COMPLETED -	DATE COMPLETED	FIELD OF STUDY
BUSINESS/VOCATIONAL SCHOOL		
POST SECONDARY INSTITUTION		

NAME AND ADDRESS OF LAST EMPLOYER		PHONE NUMBER
YOUR SUPERVISOR	DESCRIBE JOB	
LENGTH OF SERVICE - from month/year	to month/year	REASON FOR LEAVING
NAME AND ADDRESS OF NEXT MOST RECENT EMPLOYER		PHONE NUMBER
YOUR SUPERVISOR	DESCRIBE JOB	
LENGTH OF SERVICE - from month/year	to month/year	REASON FOR LEAVING

NAME TWO PEOPLE WHO KNOW YOU AND YOUR CAPABILITIES TO WHOM WE MAY REFER IN CONFIDENCE

NAME	ADDRESS	OCCUPATION	PHONE NUMBER

GIVE DETAILS OF FARM EQUIPMENT YOU CAN OPERATE, TRACTOR, ETC.
GIVE DETAILS OF FARM EQUIPMENT YOU CAN REPAIR AND MAINTAIN.
MINIMUM SALARY EXPECTED
OTHER COMMENTS:

Financial Planning and Control

Profitable direct marketing comes from careful planning and decision making based on accurate, complete records.

Direct marketing is a "business" in the strictest sense of the word. For many it is "big business". On the other hand, many markets are not operated in a business-like manner. Records are not accurate, complete or up-to-date and little thought goes into decision making.

There are two indispensable records: the income and expense statement (Figure 1), and the balance sheet (Figure 4). The income and expense statement tells how much profit the market is making in a given period (i.e. by month, by quarter or by year).

The balance sheet is like a health report on the market at a given point in time. It compares what is owned to what is owed, telling how much is left over as owner net worth (equity) after debts are subtracted from items owned.

The true test of business success depends upon the ability to earn a net profit, which represents the earnings on investment of time, talent and money. Many beginners find it difficult to find a place to start. When making plans to go into business, they don't know how to determine the cash required for starting and operating a business, what expenses to anticipate, what kind of a return to expect, or how to make other financial measurements.

Planning a Budget (Figure 2)

A budget shows what you hope to achieve by the end of a projected time schedule, preferably at least two years. The projected income and expense statement, which serves as your budget, should show estimated sales, expenses and net profit. The difference between sales and expenses equals net profit. If expenses are greater than sales, a net loss would occur.

Sales - A realistic estimate of sales is the most important step in projecting an income and expense statement. Your chances for success depend considerably upon the sales potential you perceive as being available in the proposed marketing area. Economic base, consumer demand, location, inflationary trends, advertising and promotion, facilities, customer services, pricing policies, product quality, housekeeping and employee appearance and conduct are elements that will affect your sales.

By checking these factors with other area business people, you will have a better chance to make a realistic estimate of sales for your business. If you have been open for more than one year, then your previous sales experiences will serve as the basis for your sales projection. Changes in competition, population increase or decrease, level of employment and added products and services offered may result in lower or higher sales estimates.

Expenses - The next step is to list all of the estimated expense items you must pay for in operating your business for the year. A number of expenses require special consideration when you are projecting the budget.

1. You, the owner-manager, are entitled to a salary, and this should be projected in the income and expense statement. A rule-of-thumb in determining a reasonable salary is the amount of money you would have to pay a competent manager to run your business.

2. Insurance is absolutely necessary to protect you from losses occurring through damage to your physical facilities, inventory, equipment and supplies and personal claims against management by your customers. To ensure adequate coverage at a reasonable cost you should have an estimate from at least three insurance agencies.

3. Depreciation represents the amount of money that you can charge to your business in any given year for the use of capital assets to earn income. The amount represents the degree of obsolescence or the amount by which the assets wear out in a year. For management purposes, the straight line method of calculating depreciation is preferred. For income tax purposes, there are special rules governing the amounts that can be charged for depreciation or CCA and operators should consult their accountant regarding these. For management purposes, in order to determine the annual depreciation on a piece of equipment (car, truck, shelving, building, etc.), divide the initial cost minus expected salvage value by the number of years of expected useful life.

4. Now proceed to estimate all other expenses in dollars; then calculate each expense as a percentage of net sales. The resulting figures are referred to as operating ratios, which have two principal uses:

(a) If computed over a period of years, they may be used to identify changing conditions or trends with reference to the performance of the business;
(b) They may be used to compare the current operations or trend of the business with a typical or average performance of other markets. (Competitors may exchange percentage figures (ratios) whereby they would not divulge actual dollar amount).

5. A net profit estimate should be projected. After all, you are entitled to a reasonable return on your investment and for the risk you are undertaking. A sample income and expense statement is provided.

6. The key to earning the projected net profit is in pricing your products in order to realize an adequate gross margin. Gross margins must be sufficient to cover business expenses and give a satisfactory net profit. The gross margin must be in line with competitors in your area. If they are priced lower for same quality and service, you may have to operate at a lower than projected gross margin. If so, you will have to increase sales, or cut expenses, or both, to maintain your desired net profit.

After you have prepared a budget income and expense statement, review and study it carefully to be sure it is accurate and realistic. You should expect to realize as good a return (or even better) in this venture as you would if you had invested in another business.

Problem Analysis and Control (Figure 3)

Will you realize your projected net profit the first year or by the second year? If your budget says "no", then identify the reasons for the inadequate profit. The accompanying problem analysis and control chart may help you to identify problems.

After a complete analysis, if you still find it is not likely you will realize your intended net profit, there are two alternatives:

1. Do not attempt to start a business of this type and size in this location.

2. Be willing to accept a lower return on your investment than originally planned.

The Balance Sheet (Figure 4)

The balance sheet shows the financial position of a business at a specific point of time. It presents a breakdown of the assets, liabilities and owners equity (net worth). This permits the owner to determine a change in the financial condition of his business without having to examine each of many detailed records.

When analyzing the balance sheet, it is necessary to have previous and successive balance sheets to determine the trend and the financial condition of the market. The balance sheet and profit and loss statement may be prepared at the same time.

Limit Cash on Hand

Certain entries in the balance sheet, such as utilization of capital resources, should be carefully examined at each accounting period.

The cash on hand should be limited to the amount necessary to conduct the daily transactions of the market. Excess cash should be used to pay debts, for outside investments or to draw interest.

Also, review your credit policy. (1) Credit should be kept at a minimum. (2) Definite credit periods should be set up. (3) Collect outstanding bills before extending more credit. (4) Charge interest on past due accounts.

Compare Ratio

Bankers and creditors have measurements of financial soundness which they would apply to your business based on the balance sheet (commonly called ratios).

A ratio is a percentage figure representing the comparison of one dollar amount. Each ratio is intended to highlight a particular phase of the financial condition of the business. A knowledge of the important ratios will highlight weaknesses and point out whether the financial condition is good, poor or questionable.

In order to evaluate a ratio, there must be a standard to compare it against - your own previous figures or industry-wide ratios. It is not enough just to compare your own figures. Your ratios may be improving year after year, but not at the same rate as others in the industry. Your accountant or trade association might help you make a ratio analysis without divulging other confidential matters. The most frequently applied ratios are:

CURRENT RATIO - This is a commonly used measurement of financial strength. A current ratio of 2 to 1 usually indicates a reasonable margin of safety. It is calculated by dividing total current assets by total current liabilities. The current ratio indicates the ability of the market to pay its current debts from presently owned assets. It is presumed current assets will become available to assume cash responsibilities by the end of the fiscal year (one year from date of balance sheet).

QUICK OR LIQUID RATIO - This is a measurement of the market's ability to meet immediate debts. It should be at least 1 to 1. This is computed by dividing liquid assets (cash plus net accounts receivable) by current liabilities.

GROSS PROFIT RATIO - This ratio is obtained by dividing gross profit by total sales. The higher this percentage the better for the market operator - up to a point. Excessive profits might encourage competitors.

NET PROFIT RATIO - This ratio is figured by dividing net operating profit by total sales. The higher this percentage the better for the operator; it reflects on his business ability. Note - a low net profit on sales does not necessarily mean a low return on investment.

PER CENT RETURN ON TOTAL CAPITAL INVESTMENT - The most important ratio to calculate in analyzing the financial success of a business is this ratio. This is figured by dividing dollar net operating profit by dollar total assets (owner equity and borrowed capital). This ratio is calculated from figures on both the balance sheet and the income and expense statement. The market operator should evaluate his enterprise to determine if the return is as good as an alternative investment.

Many other financial ratios can be used to analyze your business. However, the above are most commonly used. If you have further interest, discuss this matter with an accountant, or obtain publications from your local library to assist you in financial analysis.

Record Systems

Failure to keep adequate business records is a serious shortcoming of many managers. Memorandums or sketchy records will not be considered satisfactory by your accountant or Revenue Canada and certainly won't help you to analyze your business.

Records enable managers to record the necessary information to assist in evaluation of the farm operation of the market and for tax purposes. Records, particularly if maintained for several years, can be invaluable aids for daily, weekly and annual reviews in determining the strengths and weaknesses of the business.

If the business is not earning a satisfactory return on investment, analysis of well-kept records can often pinpoint weaknesses and point the way to corrective action. Well-kept records can assist in making long-term decisions whether to expand the building, buy new equipment or make other long-term commitments. Records can be kept to make periodical evaluations of progress.

Federal income tax returns require a permanent system of bookkeeping and systematic records which clearly reflect your income and expenses. These records must be maintained for seven years or until permission to discard them is obtained from Revenue Canada.

Payroll records must show gross earnings of each employee including amounts of taxable fringe benefits such as room and board. Payroll records must also detail deductions from gross earnings including Income Tax, Unemployment Insurance and Canada Pension Plan. Employer contributions for Unemployment Insurance and Canada Pension Plan must also be recorded.

Kinds of Records

The number and kinds of records to be maintained will depend on management goals, as well as tax needs. Records and record keeping should be designed to fit the individual business and the abilities of those keeping them.

A market selling principally the owner's farm production will be exempt from some legal requirements if the sales are incidental to the farming operation. However, a market which buys the majority of its produce will fall under different legal considerations. Each must be analyzed separately.

The manager has to decide which areas of record keeping will be done by staff or whether he will hire someone. Accounting firms can often do record keeping cheaper and more efficiently.

The Nova Scotia Department of Agriculture and Marketing's Extension Services, bankers, lawyers, accountants, and managerial consultants can help you find the best bookkeeping systems for you.

Records can be categorized in several ways; one of the simplest ways is by time - daily, periodic, annual, special or planning records.

Each market has to decide which areas of record keeping will perform itself or whether it will hire the work done. Many accounting firms with electronic equipment can do your record keeping cheaper than you can.

Daily - Without adequate daily records, other records would be meaningless.

All small business should use a cash register. It helps safeguard your cash from theft, loss, employee pilferage; separates sales to selected departments; and provides daily records of total sales. Credit records can help control activities of cashiers by reviewing aging accounts and placing limits on credit allowed.

Never pay with cash; use cheques for all expenses. Small purchases which cannot be accumulated should be paid out of a petty cash fund which also has accountability. Use business style cheques so stubs will properly identify amount, date and to whom paid.

The cash reconciliation of your cash register tapes and cheque book can be used to make entries in the general ledger.

Prepare a daily merchandise form whereby you can keep an accounting of all major commodities handled so you don't suddenly run out of stock. Also, allow space to record spoilage, price markdowns, or other important remarks that will aid you in making management decisions.

Periodic - This is generally a recapitulation of your daily reports into weekly, monthly or quarterly records. These reports are gathered into areas that meet your particular management needs.

Annual - These include the totalling of the periodic reports into a final presentation whereby they are ready for legal and management purposes. From these records, then, most of your governmental forms are prepared, taxes paid, and an examination of the financial health of the business is made.

Special - These records include employee records required, depreciation schedules, balance sheet, income and expense statements and other reports needed for legal or management purposes.

Planning Records - Records can be developed to provide valuable information on budgeting, annual forecasting, cash flow, special sales, special promotions, etc.

Employee Records - All employers covered by minimum wage or other employee laws should keep employee records to prove compliance with these laws. It is cheap protection and nearly every business is covered by some employee law. The following is the minimum recommended record to keep on each employee:

- name in full;
- social insurance number;
- home address (including postal code);
- sex;
- age, date of birth;
- definition of occupation;
- rate of pay;
- number of hours worked daily and cumulatively;
- earnings and date paid;
- deductions or adjustments in wages earned;
- if a minor, name of parent or guardian (phone number);
- any injury or illness incurred in connection with the job and absences caused by illness;
- record of any expense allowances; and
- termination, reasons and date.

All of these items should be kept in a payroll or employee journal along with the summary sheets required for various government taxes.

HERE'S MY EMPLOYEE RECORD

Report Forms

The following section is a guide for use in setting up a looseleaf bookkeeping system on analysis pad paper or ledger sheets.

The system was designed by John T. Porter of the Agricultural Economics Department of Purdue University. He suggests using punched analysis pad paper with 13 numbered columns, a date column and a 6 cm item column. Storing the sheets in a binder means additional sheets can be put in later.

Account of Products Purchased for Resale (Figure 5)

Instructions -

1. The product columns can be labelled in any manner to suit your business.

2. Entries in pencil are preferred so adjustments can be made for discounts, early payment, etc.

3. Enter all products purchased for resale. Record containers and supply items in expense section.

4. Enter purchases daily, weekly or monthly.

5. You may decide to total similar purchases from each vendor before recording this account to save time and recording space if you have a large number of purchases.

6. If separate freight costs are presented, be sure to add these costs to product costs at this time. This will insure establishing the proper costs and enable you to set a profitable price.

7. Do not include an estimate for your own truck hauling; enter this under truck and car expense.

8. Cost per unit (column 2) will enable you to readily establish retail price, and also assist you when taking monthly inventory, besides providing information for future buying.

9. At the end of the month, total each column, then add the total together and transfer this amount to line 2 of the Monthly Business Summary.

10. Total each column when a page is filled and carry forward to the next page until the end of the month.

Account of Receipts (Figure 6)

Enter each day's business on a separate line.

Instructions -

1. Sales for cash - enter all sales of products sold. Enter services, used equipment and refunds in column 6. Enter sales tax separately in column 8.

2. Credit sales - keep a more complete record of credit sales, name, address, phone number of customer in a separate file. Do not include sales tax in column 2.

3. Allowance on products returned - only record when cash is given for product returned. If products exchanged for another item, do not record sale; record sales tax in column 8.

4. Total sales - add cash sales, credit sales minus allowance for products returned. At end of month total this column and transfer it to line 1 of the Monthly Business Summary.

5. Credit account payment - enter payments in this column. Be sure to record in your separate credit file.

6. Other income received - here you record items such as refunds on gasoline, special services, etc., but not sale of products.

7. Total cash receipts - to obtain this figure, add columns 1 and 5 plus 6.

8. Sales tax - enter total retail sales tax collected from cash and credit sales, less any tax which was refunded on product returned. When sales tax payments are made to the appropriate authorities, enter these figures in the account of expenses.

9. Cash on hand - to keep an accurate cash control, record the amount of cash in each register in the morning in column 9 and the amount in the register at the end of each day in column 10.

10. Cash over or short - to determine any cash losses or overages, subtract the sums of columns 7, 8 and 9 from 10.

Account of Home Grown Products Sold at Retail Market (Figure 7)

Instructions -

1. This account is for operators selling their own homegrown products at their retail market.

2. Enter the account headings according to your production.

3. This account may be kept for three purposes: (a) as a record of quantity of homegrown produce sold as an aid in determining how much of each commodity to grow next year; (b) to determine how profitable your retail business is separate from growing; and (c) as a basis for retail pricing.

4. The quantity of each homegrown product delivered to the market should be recorded in the amount column under the commodity names. It may be convenient to keep this report at the market.

5. If you are interested in having good management control, it is necessary to estimate the wholesale value on your produce.

6. To establish a cost on homegrown produce: (a) obtain whole-

sale quotations from newspapers, TV, radio broadcasts or personal observations at local markets, or (b) write for the Nova Scotia Market Report, Nova Scotia Department of Agriculture and Marketing, P. O. Box 550, Truro, Nova Scotia, B2N 5E3.

7. If you want to calculate a fairly accurate net return figure from retailing separate from growing, add up all value columns at the end of each month to obtain the total wholesale value of all homegrown products and record on line 3 of the Monthly Business Summary.

Account of Expenses (Figure 8)

Instructions -

1. Enter expenses on separate lines under the appropriate headings as illustrated. Columns on following pages may be labelled in any manner to suit your business.

2. Expenses may be listed daily, weekly or monthly. You may find it convenient to total all similar expenses periodically from each vendor so that only one line is used.

3. If you want a reasonably accurate record of all expenses for your retail business, it will be necessary to estimate the share of expenses charged to production and retailing separately. This separation of expenses will give you a better idea of how profitable your retail operation is and possible clues to future expenses.

4. Total each column when page is filled and transfer amounts to the next page; at the end of the month total all columns (except No. 10, which provides information to be posted in the depreciation schedule) and transfer the totals to the appropriate line in the Monthly Summary of Expenses.

Col. 1 - Advertising and promotion - radio, newspaper, printing, posters for circulation, and give away items.

Col. 2 - Insurance - Enter all insurance costs on retail business premises.

Col. 3 - Minor repairs - Enter all payments for minor repairs to equipment, fixtures and building used for retail business except car and truck repairs which are entered in Col. 6. Payments for major repairs and improvements which materially increase the life of the building or machinery should be regarded as capital investment and handled in the depreciation schedule.

Col. 4 - Supplies - Enter expenses for bags, cleaning supplies, containers, wrapping supplies, stamps, account books, etc.

Col. 5 - Taxes - Enter all tax payments (sales tax, business property taxes, employers share of Canada Pension Plan and unemployment insurance payments). Payments of taxes deducted from employee wage should be entered in Col. 8.

Col. 6 - Truck and car - Estimate and enter the share of gas, oil, insurance, tire and repair expenses charged to the market. Estimate depreciation for the retail business and record in the depreciation schedule.

Col. 7 - Utilities - Estimate and enter the market share of electricity, water, heat and telephone expenses.

Col. 8 - Wages - Enter all wages and bonuses paid employees.

Col. 9 - Other - Enter non-depreciable expenses such as accounting, dues, subscriptions, licenses, rent, bad debts, interest on market indebtedness, travel on behalf of market, etc.

Col. 10 - Depreciation - Enter depreciable items such as major purchases or improvements as a matter of record and transfer to the depreciation schedule.

Payroll Record (Figure 9)

Instructions -
1. Keep a payroll record for each individual employee.

2. In order to calculate returns to the market operator, net profit from investment and per cent return on total capital investment, keep a record of hours worked by the unpaid operator and family so that a more accurate estimate can be made for these charges on Account of Expenses.

3. Do not include charges for unpaid operator and family with wage expense entered in the account of expenses, since these charges are for business management analysis only and are not for figuring net profit for income tax purposes.

4. Enter charges for unpaid family labor and operator labor on lines 15 and 19, respectively, of Annual Income Statement and Financial Summary.

Depreciation Schedule for Management Purposes (Figure 10)

Instructions -
1. At the beginning of each year, enter all depreciable property; also enter depreciable purchases during the year; make entries in pencil so adjustments can be easily made (major repairs, etc.).

2. The depreciation deduction allows you to recover depreciable property over the period of useful life (machinery, equipment, building, trucks, etc.).

3. Since tax regulations relative to depreciation are updated periodically, consult a current Revenue Canada publication. The following comments are only for general guidance and are intended for calculating depreciation for management purposes, not tax purposes.

Col. 1 - Date acquired - Regular depreciation is allowable only for that part of the year in which it is owned. (Example: if you bought a truck Aug. 25, the depreciation period would be four months.)

Col. 2 - Cost or other basis - This refers to the original cost or cost plus adjustments for improvements, etc. If a truck valued at $2,000 had a $600 overhaul, its new basis would be $2,600.

Col. 3 - Salvage value - Estimated value of asset when retired from service. Assigning a salvage value is optional with the owner and should be decided upon at time of purchase. Real property such as permanent buildings and fences are not considered to have a salvage value at the end of their estimated life.

Col. 4 - Depreciation to date - Refers to total amount depreciated in previous years.

Col. 5 - Unrecovered costs - The difference between the cost in Col. 2 and the sum of the salvage value and depreciation to date.

Col. 6 - Method used - The two most commonly used methods are the straight line and the declining balance.

Col. 7 - Estimated useful life - This is affected by the age when acquired, amount of intended use and care to be given. You evaluate based on these factors.

Col. 8 - Remaining life - This is the estimated useful life remaining which has not been depreciated or adjusted for improvements. (Example: an overhaul job on a truck might extend its useful life remaining which has not been depreciated or adjusted for improvements.)

Col. 9 - Regular depreciation this year - Calculate and enter.

Col. 10 - Amount charged to retailing - Estimate and enter amount charged to retail market. Now, add this column, divide by months of operation this year and enter amount on line 9 of the Monthly Business Summary.

Col. 11 - Remaining cost at end of year - Subtract column 9 from column 5.

Monthly Summary of Expenses (Figure 11)

Instructions -

1. Enter your list of expenses from the account of expenses in the first column and record totals of each expense category in order to add all expenses each month.

2. Transfer the total of all expenses to line 8 of the Monthly Business Summary following in order to figure net profit.

Monthly Business Summary (Figure 12)

Instructions -

1. Record the monthly totals from previously indicated sections.

2. This report will be helpful in analyzing your business and effecting proper control to maximize your sales and profit.

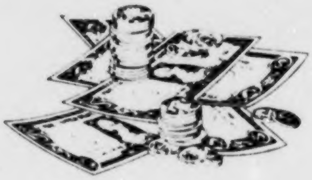
3. This summary can be done monthly, every quarter or as you desire, but for up-to-the-minute control don't let it slide by for a longer period of time.

4. Monthly comparisons on important items like sales, expenses, inventory, purchases, etc., permit the operator to catch factors that can drastically affect sales and profit.

5. A monthly inventory will give fairly accurate information on cost of goods sold. Inventories should be evaluated at wholesale cost or equivalent for homegrown produce.

6. The amount of inventory at the beginning of the month is the carry-over figure from last month's closing inventory.

7. Depreciation expense must be charged according to the number of months in operation. Divide total annual depreciation by number of months in business to obtain monthly depreciation figure.



Monthly Business Summary (Figure 13)

Instructions -

1. For the "cash" method of figuring income tax, enter total sales less accounts receivable.

2. For the "cash" method of accounting, subtract any purchases and expenses not paid at this time.

3. Enter income reported in Col. 6 of Receipts Section. For tax purposes, subtract income received from sale of depreciable property which is subject to capital gains and loss tax provisions.

4. Charge unpaid family labor at prevailing hired labor rates and operator rates at near prevailing hired labor rates.

5. May be figured at an interest rate equal to long term interest rate on government bonds on dollar total assets for the retail business, calculated in the end of your balance sheet.

Figure 1

SAMPLE INCOME AND EXPENSE STATEMENT
MODEL FARM MARKET
INCOME AND EXPENSE STATEMENT FOR 1983
January 1 to December 31, 1983

INCOME			
Retail Sales at Market	$ 83,393.64		
Wholesale Sales from Market (to other markets)	2,019.16		
TOTAL GROSS SALES		$ 85,412.80	
Less Refunds and Allowances		$ -83.24	
TOTAL NET SALES			$ 85,329.56
COST OF MERCHANDISE SOLD			
Wholesale Value of Produce Grown for Market		$ 38,398.30	
Wholesale Purchases from Others		$ 25,598.87	
TOTAL COST OF MERCHANDISE SOLD			$-63,977.17
GROSS PROFIT ON MARKET OPERATIONS			$ 21,322.39
EXPENSES			
Hired Labor		$ 2,234.82	
Utilities		1,019.03	
Advertising		121.00	
Insurance		105.00	
Supplies		260.50	
Equipment Rental		480.00	
Maintenance		561.49	
Miscellaneous, Taxes, Licenses		685.10	
Interest (Mortgage & Other)		1,218.00	
Building Depreciation		795.00	
Equipment Depreciation		240.00	
TOTAL EXPENSES			$- 7,719.94
NET PROFIT BEFORE FAMILY LABOR ALLOWANCE TAXES			$ 13,602.45
ALLOWANCE FOR FAMILY LABOR			$- 8,500.00
NET PROFIT BEFORE TAXES			$ 5,102.45

Figure 2

PROJECTED PROFIT AND LOSS STATEMENT

	FIRST YEAR		SECOND YEAR	
SALES	$	100%	$	100%
COST OF GOODS SOLD				
GROSS MARGIN				
BUSINESS EXPENSE				
RENT				
WAGES				
PAYROLL TAXES & FRINGE BENEFITS				
ADVERTISING & PROMOTION				
SALARIES				
INSURANCE				
DEPRECIATION				
REPAIRS & MAINTENANCE				
TAXES, LICENSES & FEES				
ACCOUNTING & LEGAL FEES				
TELEPHONE				
UTILITIES				
SUPPLIES				
TRANSPORTATION				
OTHER				
TOTAL EXPENSES	$		$	
NET PROFIT (BEFORE TAXES)	$		$	

Figure 3

PROBLEM ANALYSIS AND CONTROL

Possible Cause of Low Net Sales	Problem	Possible Solution
Low sales volume.	Poor location.	Consider another location.
	Sales estimate too high.	More advertising and promotion.
	Competition.	
	Depressed economic conditions in area.	
	Selection of goods and services lacks appeal of varieties to area customers.	Revise offering of product and services.
	Prices too high.	Consider lowering price.
Low gross margin percentage.	Poor sales mix.	Increase sales of higher margin merchandise.
	Excessive shrink, damage or loss.	Control shrinkage, waste & pilferage.
	Cost of merchandise increased.	Try to purchase at lower cost.
High expenses.	One or more expenses may be out of line for your sales volume (rent, salaries, wages, advertising and promotions).	Reduce excessive expense to a reasonable level for sales volume.

Figure 4

SAMPLE BALANCE SHEET

MODEL FARM MARKET

December 31, 1983

ASSETS

CURRENT ASSETS

Cash	$ 265.00	
Bank	$ 1,806.25	
Accounts Receivable	$ 124.00	
Inventory for Sale	$ 400.00	
TOTAL CURRENT ASSETS		$ 2,595.25

FIXED ASSETS

Land	$ 5,000.00	
Building (less depreciation)	$18,270.00	
Equipment (less depreciation)	$ 1,920.00	
TOTAL FIXED ASSETS		$ 25,190.00
TOTAL FIXED AND CURRENT ASSETS		$ 27,785.25

LIABILITIES AND OWNERS' EQUITY

CURRENT LIABILITIES

Wages Payable	$ 80.00	
Accounts Payable	$ 256.88	
Notes Payable (equipment)	$ 812.60	
TOTAL CURRENT LIABILITIES		$ 1,149.60

LONG TERM LIABILITIES

Building Mortgage	$10,050.00	
TOTAL LONG TERM LIABILITIES		$ 10,050.00
TOTAL LIABILITIES		$ 11,199.60
OWNERS' EQUITY		$ 16,585.65
TOTAL LIABILITIES AND OWNERS' EQUITY		$ 27,785.25

Figure: 5

ACCOUNT OF PRODUCTS PURCHASED FOR RESALE (Example Entries)
(including freight or hired trucking expenses)

			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Date	Purchased From	Check No.	Quantity & Kind Purchased	Cost Per Unit	Apples	Other Fruit	Sweet Corn	Potatoes	Other Vegetables	Plants
Aug. 1	B. Jones	1	20 pk. tomatoes	$1.00/pk.					$20.00	
Aug. 2	R. Smith	2	100 doz. corn	$0.80/doz.			$80.00			
Aug. 3	S. Green	3	50 bu. apples	$6.00/bu.	$300.00					

6

ACCOUNT OF RECEIPTS (Example Entries)

DATE	NOTES	1 CASH SALES	2 CREDIT SALES	3 RETURNS	4 TOTAL SALES 1+2+3	5 CREDIT ACC'T PAYM'T	6 OTHER INCOME REC'D	7 TOTAL CASH RECPT 1+5+6	8 SALES TAX 1+9-3	9 CASH ON HAND START	10 CASH ON HAND END	11 CASH OVER OR SHORT 10-7-8-9
AUG 1		$200	$10		$210			$200	$4	$40	$244.10	over.10
AUG 2	WATER DEPOSIT REFUND	$100		$1	$99		$10	$110	$2.18	$30	$142.18	.00
AUG 3		$150			$150	$10		$160	$3.20	$20	$180.20	short $3.00

7

ACCOUNT OF HOME GROWN PRODUCTS SOLD AT RETAIL MARKET (Example Entries)
(Estimated F.O.B. Wholesale Value)

	APPLES		CANTALOUPE		PEACHES		CORN		PEPPERS		ETC.	
DATE	AMT	VALUE	AMT	VALUE	AMT	VALUE	AMT	VALUE	AMT	VALUE	AMT	VALUE
AUG. 1			10 BU.	$20			5 BU.	$7.50			15	$7.50
AUG. 2					10 BU.	$50			2 BU.	$5.00		
AUG. 3	2 BU.	$8.00										

8

ACCOUNT OF EXPENSES (Example Entries)

				1	2	3	4	5	6	7	8	9	10
DATE 19--	FROM WHOM PURCHASED OR PAID	CHECK NO. OR DATE	ITEMS	ADVERTISING & PROMOTIONS	INSURANCE	MINOR REPAIRS	SUPPLIES	TAXES	TRUCK & CAR	UTILITIES	WAGES	OTHER	ITEMS TO BE DEPREC.
AUG 1	NAT. SUP. CO.	AUG 1	CONT.				$30						
AUG 2	PROVINCE OF N.S.	No. 28	SALES TAX					$20					

Figure:

9

PAYROLL RECORD

NAME ______________ ADDRESS ______________ SOCIAL INSURANCE NUMBER ______________ NO. OF EXEMPTIONS CLAIMED ______

		WAGE CALCULATION				DEDUCTIONS						EMPLOYER CONTRIBUTIONS		
DATE	PAY PERIOD ENDING DAY MONTH	PAY RATE	HRS. DAYS no unit	TOTAL WAGES	TAXABLE BENEFITS	CPP	U.I.	INCOME TAX	OTHER	CHEQUE NO.	AMOUNT OF CHEQUE	CPP	U.I.	OTHER

10

DEPRECIATION SCHEDULE FOR MANAGEMENT PURPOSES

ITEMS TO BE DEPRECIATED	1 DATE ACQUIRED	2 COST OTHER BASIS	3 SALVAGE VALUE IF ANY	4 DEPREC. TO DATE	5 UNRECOV. COST 2 - (3 + 4)	6 METHOD USED	7 ESTIM. LIFE	8 REMAIN. LIFE	9 REG. DEP. THIS YR.	10 AMT. CHG. RET.	11 REMAINING COST-END YR. COL. 5-11
TRUCK	1/1/73	$2600	$200	$1600	$800	ST. LINE	10 YR.	4 YR.	$200	$100	$600

11

MONTHLY SUMMARY OF EXPENSES YEAR 19--

LIST OF EXPENSES	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	TOTAL
TOTALS													

Figure:

12

MONTHLY BUSINESS SUMMARY

		EXAMPLE	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.
1	TOTAL SALES (COL. 4 OF RECEIPTS SECTION)	$20,000									
2	TOTAL PURCHASES 1/	8,000									
3	WHOLESALE VALUE OF HOME GROWN PRODUCTS SOLD AT RETAIL	8,000									
4	MERCHANDISE INVENTORY AT BEGINNING OF PERIOD	13,000									
5	TOTAL (LINES 2+3+4)	29,000									
6	MERCHANDISE INVENTORY AT END OF PERIOD	12,000									
7	NET COST OF GOODS SOLD (LINE 5 MINUS 6)	17,000									
8	DAILY EXPENSES (FROM MONTHY EXPENSE SUMMARY)	2,200									
9	DEPRECIATION (FROM DEPRECIATION SCHED.)	140									
10	TOTAL EXPENSE (LINE 8 AND 9)	2,340									
11											
12	MONTHLY INCOME STATEMENT										
13	TOTAL SALES (LINE 1)	20,000									
14	NET COST OF GOODS SOLD (LINE 7)	17,000									
15	GROSS PROFIT (MARGIN) FROM RETAILING (LINE 13 MINUS 14)	3,000									
16	OTHER INCOME RECEIVED (COL . 6 of RECEIPT SECTION)	40									
17	TOTAL GROSS PROFITS (LINE 15 + 16)	3,040									
18	TOTAL EXPENSES (LINE 10)	2,340									
19	NET PROFIT (LINE 17 - 18)	700									

1/ SUM OF COLUMN TOTALS FROM THE PURCHASE SECTION COST OF ITEMS WITHDRAWN FOR PERSONAL USE

13

MONTHLY BUSINESS SUMMARY YEAR --- (CONTINUED)

OCT.	NOV.	DEC.	TOTAL	ANNUAL INCOME STATEMENT AND FINANCIAL SUMMARY			
				TOTAL SALES 1/			1
				TOTAL PURCHASES LESS AMOUNT WITHDRAWN FOR PERSONAL USE 2/			2
				WHOLESALE VALUE OF HOME GROWN PRODUCTS SOLD AT RETAIL			3
				MERCHANDISE INVENTORY AT BEGINNING OF YEAR			4
				TOTAL LINES (2+3+4)			5
				MERCHANDISE INVENTORY AT END OF YEAR			6
				NET COST OF GOODS SOLD (LINE 5 MINUS 6)			7
				GROSS PROFIT (MARGIN) FROM RET. (LINE 1 MINUS 7)			8
				OTHER INCOME RECEIVED 3/			9
				TOTAL GROSS PROFITS (LINE 8 + 9)			10
				DAILY EXPENSE (LINE 8 OF MONTHLY SUMMARY) 2/			11
				DEPRECIATION (FROM DEPRECIATION SCHEDULE)			12
				TOTAL EXPENSES (LINE 11 + 12)			13
				NET PROFIT FOR FIGURING INCOME TAXES (LINE 10 MINUS 13)			14
				UNPAID FAMILY LABOR CHARGE 4/			15
				BUSINESS INCOME (LINE 14 MINUS 15)			16
				INTEREST ON INVESTMENT 5/			17
				RETURN TO OPERATOR'S LABOR & MANAGEMENT (LINE 16 MINUS 17)			18
				OPERATOR'S LABOR CHARGE 4/			19
				RETURN TO MANAGEMENT (LINE 18 MINUS 19)			20
				NET OPERATING PROFIT FROM INVESTMENT (LINE 16 MINUS 19)			21

Advertising

Most direct marketers do some advertising. Careful analysis of your situation and what you want to achieve with your advertising is essential for a successful advertising program.

At least three basic questions should be answered before an advertising program is chosen.

1. What do you want to achieve through advertising? In general, the advertising objective of most direct marketers is to inform potential customers of:

a) what products are available;

b) where you're located;

c) when you're open; and

d) what price you charge.

2. What are the characteristics of those you are trying to reach? It is a necessity that you know who you are trying to communicate with if you are going to do an effective job. The medium or media chosen should be geared to the type of customers you want to reach.

3. What media should be used? Evaluate each medium you consider against:

a) its cost;

b) its ability to achieve what you want; and

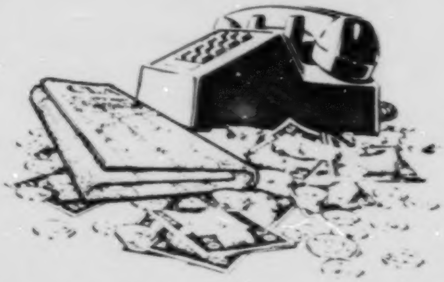
c) its ability to reach the audience you want it to reach.

As a rule, direct marketers use the five mediums of newspaper, radio, direct mail, signs and word-of-mouth as the primary media for their advertising.

Newspaper

Newspaper advertising is perhaps the favorite choice of direct marketers. Daily newspapers reach a large number of people and are read by people of all occupational, income and age groups. Weekly newspapers generally appeal to family readers; an audience that is usually very interested in visiting markets and U-Picks.

A popular type of newspaper advertising is the display ad. These ads are often located near the food section of the paper to reach those who are planning their menu for the week. Display ads can tell customers where you are located and what crops you have available.



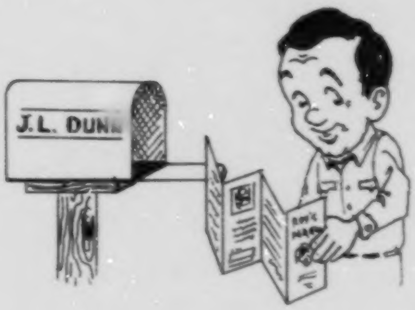
Classified advertising is used by a large number of direct marketers because of its large audience and low cost. In some dailies there is a separate classification for fruits and vegetables. If your paper doesn't have one, it could be something to suggest to the editor. Remember - an informative ad will alert people to commodities approaching maturity, give directions to your location, state prices and give the days or hours of business.

It may be possible to get free newspaper publicity if you have an unusual story to tell about your operation. As a producer you may have a story on crop conditions, irrigation, new plantings or tours of your farm by school children or seniors. Newspapers are always looking for human interest stories and it's powerful advertising that you can't buy. Develop a rapport with the people at your local paper. A phone call or a brief, informative press release could prompt the editor to send a reporter/photographer to your market.

Radio

Radio can be an effective advertising tool because you can choose the audience you want to reach. This is done by selecting the station and time of day that the ad will be broadcast. If customer and market analysis show that homemakers are the most frequent visitors to direct markets you would choose an adult station and advertise between 8:00 a.m. and 5:00 p.m. If most of your customers are workers you would choose a station with a popular early morning show (6:00 a.m. to 8:00 a.m.) or large after supper audience.

Radio ads can draw quick response with 10 second, 30 second or 60 second spots that are repeated several times a day. If rainy weather has kept pickers away, short spots can often solve the problem.



Direct Mail

Another effective form of advertising is to maintain a mailing list of customers. Notices or a calendar of expected harvest dates can then be mailed out.

You might consider having all pertinent information except maturity date printed on post-card size card stock. As customers check out, have them write their name and address on the front of the card. Next year all you have to do is fill in the harvest date and mail. This is a good method to reach urban dwellers who have little or no contact with rural people or agriculture and as a result are unaware of crop progress.

Direct mail adds that personal touch to advertising that can enhance the "country hospitality" image that most operators try to project.

SALE
49¢
SALE

Signs

Market Signs are one of the first things a customer sees that gives him/her an impression of what your market is like. As a result signs should be attractive and well maintained.

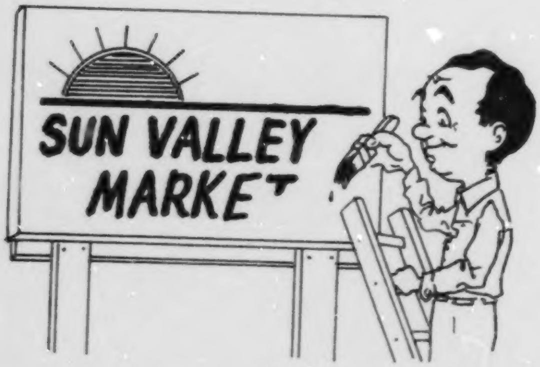
Market signs may vary from modest wooden signs to the elaborate neon variety. Locate signs in prominent, easy-to-read places around the market - top or side, in front of the market, on the roof or near the road. Signs should be colorful, brief and if the market is open at night, the sign should be lighted.

Road Signs can be effective tools in directing customers to your market especially if you're not located on a heavily travelled road. Once-a-year U-Pick operations find road signs really pay off as customers can easily forget from one year to the next where they should turn. Be sure to check with the Department of Transportation on regulations affecting the placement and use of signs along Nova Scotia highways.

Above all, keep signs well painted and maintained. Nothing signifies a "run down" operation like a weatherbeaten sign.

Word of Mouth - One point on which most marketers agree is that word of mouth advertising is the best and cheapest. It's very effective advertising when satisfied customers tell their friends of the high quality produce, pleasant surroundings and friendly people at your market. It can be quite costly, however, if customers have a bad experience and relate it to others.

Trademarks or Logos - It is important to give your operation a distinctive name, trademark or logo. Advertising is easier to remember and more appealing when a unique name or symbol is used. Develop your market's identity by using your logo on all advertising, promotional material and signs.



Point-of-Sale Advertising - Printed recipe brochures are a low cost form of advertising that customers will appreciate. Printed material can be handed out as customers leave or placed near displays. To conserve your stock of hand-outs you can display a sample on your bulletin board and note that copies can be obtained at the check-out. Don't forget to have your name, logo, directions to the market and what you offer printed on all hand-outs.

More Advertising Ideas

Consider the following for your market or U-Pick:

1. employee aprons printed with your logo;

2. printed shopping bags;

3. business cards, letterhead and envelopes;

4. calendars and matches;

5. price tags with logo;

6. package inserts;

7. signs on trucks; and

8. product sampling to increase sales and get customers talking about the product.

Direct marketers often wonder how much of their operating budget should be spent on advertising. Much depends upon your products and whether they're seasonal as well as the length of the market's operating season. Seasonal produce requires a greater expenditure for advertising than a market open all year.

The general recommendation is that two to three per cent of sales should be spent on advertising. An operator may decide to spend more in order to expand existing business or when starting a new one. Some spend as highas 10 per cent.

In each case plan your advertising budget ahead of time. Prepare a budget for the entire season based on expected sales. There should always be some upper limit on the advertising budget. Advertising is necessary but also very expensive and it can really cut into the amount of money left to the marketer for profit.

Finally, a few advertising suggestions developed by the Co-operative Extension Service, Michigan State University.

1. Schedule advertising ahead of the crop season to make sure all the major items will be adequately represented.

2. Advertise on a regular basis even if you have to use smaller space on occasion.

3. Develop your ads so that customers will recognize it as uniquely yours without reading the market name. Use of your logo will establish your identity.

4. Use illustrations or menu suggestions and take advantage of art services offered by the paper. They can save advertising time and money and help you sell more with their timely suggestions.

5. Co-ordinate in-store displays with your advertising program; this helps to obtain maximum promotional value from each ad.

6. Tie in your advertising with provincial or national advertising programs.

7. Check with the newspaper's advertising department for suggestions on readership building techniques that could be incorporated into your ad.

8. Never try to "fool" shoppers. Be honest and factual. Know your target readership and direct your advertising to them.

Insurance

Perhaps no other topic is shrouded in so much confusion and suspicion as insurance. Many of us have been brought up to doubt the motives of zealous insurance salesmen. Some of us think that accidents always happen to the other guy. Others believe their enterprise is just not "that big" to need insurance.

In the 1960's Canadians were the most insured people in the Western world. During the inflationary Seventies many people let their insurance coverage slip. While inflation has caused us to profit on our assets, many people fail to realize how much it would cost to replace these assets at today's inflated prices.

With the establishment of a roadside market, farmers' market or U-Pick operation, you face many risks other people never have to deal with; crop loss or damage, accidents on farm machinery, loss of the buildings that house your operation or lawsuits if anyone is hurt while frequenting your farm or market.

A good insurance program should be based on a thorough understanding of the insurance coverage available and how it can be used to the best advantage.

Perhaps the most important factor in determining your need for insurance is the effects of a loss. Insure against those losses that could not be absorbed without hardship.

Life Insurance

Many farmers and operators neglect life insurance because they expect it to net them something. They tend to forget that the purpose of life insurance is protection for dependents rather than profits. Protection may be needed to provide for your dependents' physical needs, educate children or cover business debts.

Life insurance is a little different from other types of insurance because we know the risk will occur; we just do not know when.

Premiums are based on scientifically calculated death figures and are usually at a fixed rate of the life of the policy.

There are two main types of life insurance, term and whole life. Term (Temporary) insurance is purchased for a specified time, usually one to five years. Term insurance is cheaper than whole life because the premium is not returned at the end of the policy. Whole life premiums are usually paid over 20 years or longer. When the life of the policy is over you may take your premiums, plus interest, as a fixed income, in a lump sum or purchase more insurance.

Another concept closely associated with life insurance is that of riders or special clauses that can be written into your policy. Some examples are:

1) Double Indemnity - the insurance company pays your beneficiary twice the value of your policy if you die in an accident;

2) Waiver of Premium - excuses you from payment of premiums if you become disabled; and

3) Guaranteed Insurability - you pay extra for this guarantee that will allow you to buy more coverage at a later date regardless of your health at the time.

Fire Insurance

The large capital investment in buildings can mean severe setbacks if they are burned or otherwise destroyed. Most policies can be altered to cover damage that results from environmental factors, riots, explosions, falling objects, aircraft or vandalism.

Rates are payable annually and are determined by the construction and use of the building.

Most fire insurance policies have a deductible clause requiring the policy holder to withstand losses up to a stated amount and the insurance company covers the rest. Premiums are reduced by this clause since coverage is less and the company does not have the expense of settling minor losses.

How much coverage to carry? Experts recommend you determine the utility value of your buildings.

$$\text{Utility Value} = \frac{\text{New Bldg. Cost} \times \text{Expected Life of Existing Bldgs.}}{\text{Expected Life of New Building}}$$

Check policies for rebuilding or deferred settlement clauses - under this clause only 50 per cent of the policy value is paid by the company if you do not rebuild.

Liability Insurance

Liability insurance covers your liability for injuries or death of members of the general public or damage to their property that occurs at your location or because of your activities.

The presence of livestock, ponds and machinery on your farm, together with the public, greatly increases the chance of a mishap! Don't think that lawsuits brought about because of customer injury only happen in big cities. Consider things like illness caused by chemical residue on produce or a lawsuit filed if your staff mistakenly accused someone of shoplifting. Customers have even been known to file a lawsuit because they were offended by the actions or foul language of employees.

Look after your liability insurance needs before something happens in your market or on your farm.

Workers Compensation

In Nova Scotia, farmers can cover themselves from job-related accidents and diseases even if they have no employees.

Coverage includes:

- medical and hospital (ward)expenses;
- weekly compensation for temporary disability;
- compensation for permanent disability based on its severity;
- death benefits to dependents in a lump sum for funeral expenses and, afterwards, a monthly pension.

Crop Insurance

The purpose of crop insurance is not to reimburse the grower the replacement value of the crop, but rather, to cover out-of-pocket costs.

Regulations covering this type of insurance are:

1) claims paid only for damage caused by insurable perils - wind, frost, wildlife, disease:

2) all acreage, not just high risk fields, must be insured;

3) growers must follow recommended practices for spraying, etc.;

4) report damages within five days.

Rates are based on past production on your farm. Maximum coverage is 80 per cent of insured's average yield.

Check with your provincial Crop Insurance Commission to see if your crop is insurable.

Vehicle Insurance

1. Personal Injury Liability - covers other people injured in accidents in which you were involved. The maximum coverage is set on a ratio; so much per person, per accident, maximum.

2. Property Damage Liability - this form of insurance is required by law on all road vehicles.

3. Medical Payments - covers, up to a stated amount, the medical treatment of your passengers.

4. Comprehensive - covers losses not due to an accident such as theft, vandalism, fire, etc.

5. Collision - covers damage to your own vehicle that was sustained in an accident. Usually deductible - you pay up to a stated amount - insurance company covers the rest.

The sense of security of insurance is of little or no value if you do not understand the ramifications of your policies. It is invaluable to have an understanding underwriter who will take the time to fully explain your policies.

Store policies in a safe place such as a safety deposit box and make sure your family knows about the coverage and where the policies are kept.

Finally, an up-to-date will expediates the settlement of claims as well as the estate.

Glossary of Life Insurance Terms

Beneficiary - The person named in the policy to receive the insurance proceeds at the death of the insured.

Cash Surrender Value - The amount available in cash upon voluntary termination of a policy by its owner before it becomes payable by death or maturity.

Deferred Annuity - An annuity providing for the income payments to begin at some future date.

Disability Benefit - A feature added to some life insurance policies providing for waiver of premium, and sometimes payment of monthly income, if the insured becomes totally and permanently disabled.

Face Amount - The amount stated in the face of the policy that will be paid in case of death or at the maturity of the policy. It does not include additional amounts payable under accidental death or other special provisions or acquired through the application of policy dividends.

Grace Period - A period (usually 31 days) following the premium due date, during which an overdue premium may be paid without penalty. The policy remains in force throughout this period.

Lapsed Policy - A policy terminated because of non-payment of premiums. The term is sometimes limited to a lapse occuring before the policy has a cash or other surrender value.

Level Premium Life Insurance - Life insurance for which the premium remains the same from year to year. The premium is more than the actual cost of protection during the earlier years of the policy and less than the actual cost in the later years. The excess paid in the early years builds up the reserve. When invested, this reserve amount earns a return that helps keep the level premium down.

Maturity Date - The date at which an endowment policy "matures" and begins to pay benefits to the policy holder.

Non-Forfeiture Options - The choices available to the policy holder if he discontinues premium payments on his policy. The choices are usually to take the policy value in cash, as extended term insurance, or as reduced paid-up insurance.

LIFE
INSURANCE
TERMS...

Non-Participating Life Insurance - Life insurance on which the premium is calculated to cover as closely as possible the anticipated costs of insurance protection and on which no dividends are payable.

Paid-up Insurance - Insurance on which all required premiums have been paid. The term is frequently used to mean the reduced paid-up insurance available as a non-forfeiture option.

Policy Reserves - The measure of the funds that a life insurance company holds specifically for the fulfillment of its policy obligations. Reserves are required by law to be calculated so that, together with future premiums payments and interest earnings, they will enable the company to pay all future claims.

Surrendered Policy - A policy terminated because of non-payment of premiums, for which there is a cash value or another form of insurance available.

For more information on insurance contact the Nova Scotia Department of Agriculture and Marketing for the publication Farm Business Management - Farm Insurance.

For further information on insurance, The Canadian Life Insurance Association offers the following booklets.

Sharpen Your Pencil - A Guide to Life Insurance and Family Financial Planning.

Sunshine Sketches of Economics - A light-hearted look at life insurance.

This Business of Life - Life Insurance Guide for Canadian consumers.

Where Is Everything? - Guide to keeping track of valuable documents.

Single copies are available free from the following address:

The Canadian Life Insurance Association
55 University Avenue
Toronto, Ontario
M5J 2K7

If you would like to receive more information about Workers' Compensation, contact:

Workers' Compensation Board of
Nova Scotia
P. O. Box 1150
Halifax, Nova Scotia
B3J 2Y2

More details about crop and livestock insurance may be obtained from:

Nova Scotia Crop and Livestock
Insurance Commission
P. O. Box 1092
Truro, Nova Scotia
B2N 5G9

ROADSIDE MARKETING

ROADSIDE MARKETING

Roadside marketing has become an established and stable alternative for the Nova Scotia consumer. The ever-growing demand for fresh vegetables by tourists and by urban and local consumers had lead to the development of the roadside market as a viable means of utilizing available land, employing human resources and expanding economic growth.

The roadside operator assumes the function of the wholesaler, shipper, packer and retailer, thus reducing transportation and shipping costs. While a complete return to direct farm selling is impossible, it is a valuable addition to the food marketing system, as producers attempt to increase their share of the consumer's dollar.

Producer as Retailer - Start in a Small Way

The high risk of failure in retailing makes it advisable to start roadside marketing in a small way.

Is there a key to success? The difference between success and failure depends on how well informed you are and on your abilities to employ options and recommendations to suit your individual needs.

Your decision to enter roadside marketing should not be a hasty one. It should not be based solely on limited availability of land and capital for expanding a farm operation. Your personality and general business acumen must be taken into account. Your employees must be able to meet and handle people tactfully and many long hours and week-ends of work are required. Capital, labor, market lay-out, changes in production practices and details of management will all have to be considered.

To help you make a decision, consider the following:

1. Will a roadside market fit into the current farm operation?

2. How will it suit my temperment and way of life?

3. Could a roadside market supplement the farm income or could it possibly provide the sole support?

4. Do I have capital to invest in a building, operating equipment, supplies, etc.?

5. Do I have a suitable location?

6. Can I produce sufficient quantities over the market season to maintain an operating volume? If I have to purchase more produce, is there a good source of supply?

7. Can the family [illegible] sufficient labor? If I have to get outside help, is it readily available?

8. Most importantly, do my family and I have the ability to meet and serve the public and its needs?

Starting small means a relatively easy entry into business. Little capital is required - a modest investment as a stand mounted on skids or a hay wagon can be used to test several market sites.

There are many advantages to starting small. If you decide the roadside marketing business is not for you, any losses will be minimal.

FRESH FRUITS AND VEGETABLES

Choice of Market

Personal needs and objectives influence the type and size of a market venture and the desired scope of the business.

Markets can vary from a wagon at the end of the lane to a store-like complex just outside of town. Growers seldom start with a large scale operation. Many enter the business as a means to supplement their existing income.

Here's a look at the different types of roadside marketing.

Specialty Producer

This type of operator offers only a few items for sale and is open only during the period his commodity is available; e.g. sweet corn, honey, strawberries, blueberries, apples, squash, etc. This market is generally of the simplest kind (table, wagon, small stand). This small operation many times is the most successful when measured in terms of investment and labour.

Planned Production

The farmer who has a planned production generally is the most successful market operator, year-in and year-out. He bases his production on his customers needs and plans his crop schedule to lengthen out his marketing season. This type of operator has the advantage of a relatively steady income and his market becomes an established place of business in which the customer can rely on getting fresh produce.

Typical Farm Roadside Market

This class grows 60 per cent or more of the produce it sells, buying the remainder from outside sources. Most of these markets are:

- family owned and operated, employing some outside labour;
- located on the farm or some nearby location;
- specializing in fruits and vegetables for which the area is known;
- generally a building of simple design, attractively located in a farm setting;
- caters to local customers, also has transient trade on week-ends;
- approximately open 3-6 months, occasionally open all year.

Semi-Commercial

The following are characteristics of the semi-commercial market:

- less production-oriented than the typical farm market;
- generally operated by part-time farmer and members of his family;
- similar to farm markets in appearance and offerings but obtain a larger part of their supplies from other farmers and/or wholesale;
- frequently located on or near the farm;
- generally open for extended seasons, or year-round.

Semi-commercial markets offer a wide selection of fruits and vegetables which may be shipped from other areas. They sell food items and occasionally non-food merchandise, and cater to repeat local customers, while soliciting an active transient trade.

Commercial Markets

Commercial markets are located in suburban areas and usually on heavily travelled thoroughfares.

They purchase their supplies from nearby farmers, wholesale markets and other roadside markets. They offer a selection of grocery items, non-food items and often have price specials.

U-Pick

This type of marketing is ideal for roadside marketers with adjacent orchards and vegetable gardens. It is very popular with urban dwellers as it affords a day in the country and also allows them to harvest their own fresh produce. This system lowers labour costs, permits quick disposal of surplus items and eliminates packaging and handling costs.

Ingredients of Success

Careful planning by the potential roadside marketer can avert many mistakes and financial loss. The following checklist suggests points to consider.

Location

1. Is your location desirable? Is it on a well travelled highway, near a town? Location on highways near large population areas is excellent.
2. Is the market visible from both approaches?
3. Are you situated on level approach? (Hilly areas are less desirable.)
4. Are your planned parking facilities adequate?
5. Are you located conveniently to water, electricity, etc.?
6. What side of the road is your market to be located? (The right side going into town is thought to be the best. However, many successful markets have been on the left side.)

Physical Factors

1. Is your market size planned according to business projected?
2. Will your market be neat and attractive?
3. Are you planning a unique market design?
4. Are you planning for proper refrigeration? (Both on display and for storage.)
5. What are your landscaping plans?
6. Are you making plans for grading facilities?

Operational Factors

1. What are your plans to satisfy customers?
2. Are most of the passers-by potential customers? -- mainly commuters?
3. Are you planning to sell only top quality products?
4. Are you planning a year-round market?
5. Will your prices be reasonable, competitive or "bargains"?
6. Will you keep yourself informed on market conditions?
7. Are you starting out in a small way and then growing into the business?
8. Are adequate supplies available to you throughout your marketing period?

The beginner in roadside marketing should seek the advice of other operators, preferably someone in a non-competing area.

After the first year, you should be able to evaluate the pro's and con's of the business and to observe how it fits into the overall farming operation. You will also have the chance to see how well the location attracts customers, how to evaluate their needs, and how competition affects the operation.

With an increasing awareness of the importance of nutrition and balanced diets, the grower is in a good position to capitalize on this interest by providing for the consumer nutritious, wholesome, high quality, fresh produce.

For the resourceful marketer who manages his business rationally, merchandises his products skillfully, and serves his public courteously and hospitably, the opportunity for profit making has never been greater.

Structures and Surroundings

Roadside Buildings

The selection or construction of a building for your roadside market is one of the foremost considerations in establishing or reviewing your operation.

A reliable building may be the most expensive facet of your operation and it will certainly be one of the most long lasting features.

The type and location of your market building sets the tone and mood for your operation. Picking a building that blends well with the location and the image you want to portray is essential. A small rural operation may mean the construction of a small structure that exudes a neighbourly atmosphere. A larger market just on the city or town outskirts may be a large warehouse or supermarket type structure designed with convenience and efficiency in mind.

Do not rule out the possibility of converting an existing building if it fits the other elements of successful market-good location, close to produce supply or close to consumers. Some operators have converted old schoolhouses or even service stations into unique and attractive businesses.

When evaluating a building, either for construction or to purchase, consider the following factors.

- Will the building be visible and provide a good frontage to the road (street)?

- Is the building compatible with others in the area?

- Is the exterior compatible and complimentary to the image you wish to portray?

- Is the building accessible and convenient for shoppers?

- Is the interior functional for your type of business?

If you decide to construct a new building remember that municipal and civic governments must be contacted before you start. Check zoning laws before purchasing land for a new building. In most cases you need to obtain a building permit before work is commenced. It is also advisable to have your building plans checked by the Fire Marshall's Office, the Health Office, the Building Inspector's Office and the Wiring Inspector (Nova Scotia Power Corporation). A violation of their criteria can be very expensive to correct.

Municipal and civic governments also require that you notify their assessor's office about the start of your business so you will be placed on the proper assessment list.

There are several Maritime businesses that offer building designs or prefabricated structures suitable for roadside markets. Before you contact these people, know what type and size of building you need. When you have a specific idea it is easier to select a good design. Visit roadside markets in your area and across the province.

A scale model or readable blueprint can help determine traffic patterns and shipping/receiving entrances. Consider the arrangement of machinery, equipment and people inside.

Before building remember you may want to expand at a future date. A structure that can expand horizontally is more accessible than a vertically expanding operation. Also a multi-purpose building without too much specialization will have a higher resale value if you move or go out of business.

When you have selected your location and blueprints, check the site over before starting construction. Locate the building so it will not face prevailing winds or afternoon sun. Winds blowing in the front of the market bring in dust making cleanliness next to impossible. The afternoon sun is extremely damaging to produce in outside display areas.

Parking Guidelines

With the construction of a new building comes parking considerations. Many markets have parking directly in front of the market. This practice is an inefficient use of space, makes a check-out difficult for open air markets and blocks the view of the market from the road.

A parking lot situated to one side of the building is safer and more convenient. It facilitates check-outs, means better visibility and allows for easier lot expansion at a later date.

Curbing, signs, low fencing or a low hedge are useful in helping drivers locate the entrance. A holding area of 6 m to 9 m should be left clear at the entrance and exit for the driver to stop before finding a parking spot or re-entering traffic.

For markets built at intersections, locate the entrance on the busier road and the exit on the less heavily travelled road at least 30 m from the intersection.

When trying to determine how much parking is required there are three guidelines to follow:

(1) enough parking spaces for one-third the population capacity of the building;

(2) one square metre of parking space per 30 square cm of sales area; and

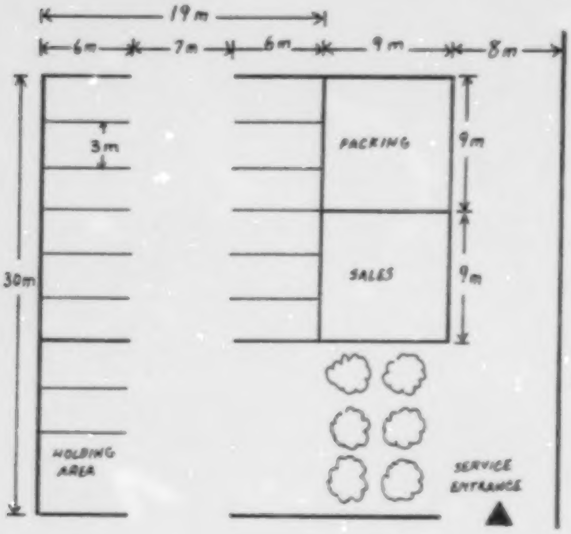
(3) for each 100 cars of prospective customers in a peak day, leave 15 parking spaces.

Parking stalls should be 3 m wide to provide adequate space for opening doors and loading packages. Stalls should be 6 m long to accommodate all types of cars and trucks. If a tourist trade is expected make room for turning and parking trailers.

Curbs or barriers should be used next to buildings and at the edge of the lot. Barriers should be 1 m from buildings to avoid damage to cars. Mark asphalt or gravel with 10 cm wide lines to mark off stalls.

Here is an example of an efficient parking lot:

STANDARD PARKING ARRANGEMENT FOR 14 CARS



Market Lay-out

Employing the basic principles of market lay-out can help the operator ensure the greatest level of satisfaction to customers. A well laid out market with an efficient traffic pattern is a pleasure to shop in.

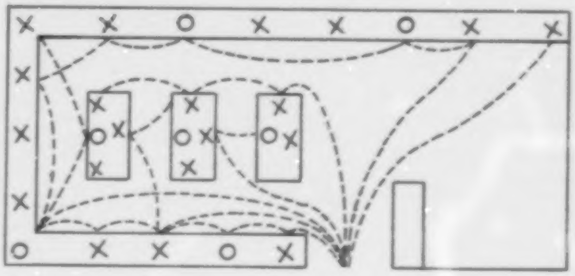
To provide an effective traffic pattern provide a lay-out that limits the number of entrance/exits. If you prefer an open-front market, funnel customers through a central check-out.

Inside the market, aisle width should be a minimum of 2 m. Provide wider aisles around fruit and corn displays where customers spend more time selecting produce.

Make sure aisles are well-defined and uncluttered. Consider the use of grocery carts which mean aisles must be of sufficient width to let carts pass. Even if you do not provide grocery carts now, you may change with future expansion.

Shelves or displays should not exceed 0.6 m in depth since most people cannot conveniently reach anything farther.

Co-ordinate display sales area, work area and storage area. This will result in an employee-product flow that does not disrupt shopper-traffic flow. Never have transient produce going from storage to display blocking aisles.



Traffic flow in the diagram above illustrates even distribution of goods. The symbol "O" represents strategically placed items designed to draw customers throughout all areas of the market. The symbol "X" represents purchase location.

Finally the check-out should be easily identified and provide orderly processing. The counter should be clean and uncluttered, but provide room for scales, cash registers and coin changes. Shelves underneath the counter can store bags and supplies.

Lighting

Lighting also plays an important role in lay-out. When choosing interior lighting, the important points to remember are the amount of light needed, color of light produced and the efficiency of the lamp. Fluorescent lights produce twice as much light as incandescents per kilowatt hour and at a fraction of the price. If lights are turned on and off frequently incandescents may be more suitable because frequent starting shortens the life of fluorescent lamps. When lighting displays be sure the light comes from above the product so the customer's shadow does not fall on the product as he or she looks at it.

To maximize the effectiveness of lamps, paint walls and ceilings a light color to reflect light.

Markets which stay open evenings should consider floodlights or modern mercury vapor luminaires. The mercury vapor lamp is more efficient than an incandescent lamp. Lights should be directed to focus on the market and parking lot without blinding passing motorists. A directional mercury vapor flood luminaire will solve this problem. Use only color-corrected or deluxe mercury vapor lamps.

Outside lighting illuminates the area for customers and provides security lighting while the market is closed. The 400 watt mercury vapor lamp is recommended for customer areas and 175 watt for other areas.

Consult your power company for the latest recommendations for your market.

Packaging and Displays

To package or not to package is the question!

To decide, you need to review the various ways of presenting fresh fruits and vegetables to the customer and then deduce the best approach. This is a final management decision. The advantages and disadvantages of packaging versus bulk are listed below.

Advantages of Packaging

1. Speeds up shopping. Packages help the customer check out faster because the checker does not have to weigh or count up the produce.

2. Merchandise gets less handling in a package, so it should be fresher, cleaner, more sanitary and in better condition because it reduces breakage and bruising which, in turn, reduces shrink.

3. Customers can immediately determine the price of a consumer unit package.

4. Packaging, particularly clear plastic trays, provides the customer with a see through container, enhancing the product's appearance without a misrepresentation.

5. Packages protect customers' hands from becoming soiled or wet in picking up merchandise from the display.

6. Prepackaging prevents shopping bags from becoming damp and bursting.

7. Housekeeping is easier. Racks, cases and display tables are easier to maintain.

8. Rotating merchandise is surer. Code dates on packages help to avoid the problems created by older, off-quality merchandise.

9. Inventory taking is easier and usually more accurate.

10. More produce may be moved because of the larger unit sales which packages provide. A customer who might otherwise select 2 or 4 tomatoes may be more likely to buy a container which would hold 10 to 12 tomatoes or even a tray pack of 8 tomatoes.

11. Proper packaging helps to retain the life-sustaining moisture so vital for fresh fruits and vegetables, lengthening shelf life and reducing shrinkage.

12. Packaged merchandise helps you build displays more rapidly and effectively.

13. Packages can include consumer information.

Disadvantages of Packaging

1. May impair farm market atmosphere and weaken your image of freshness.

2. Some customers may feel that they are being deprived of the opportunity to select what they want, which could be a primary reason for stopping at the farm market.

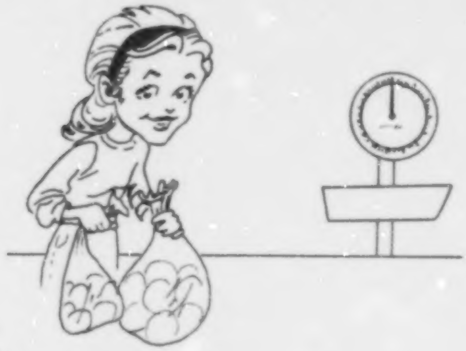
3. May require additional costs to provide and maintain refrigeration, which is a must with pre-packaged produce.

Bulk Purchases - Advantages and Disadvantages

Advantages

1. Consumers can select each individual item - the choice is theirs.

2. Consumers might be encouraged to purchase more of an individual item because of its quality. Often they don't realize the quantity they are buying. Hanging scales should be available.



Disadvantages

1. Product may be damaged as buyer selects from bulk displays.

2. Product of slightly lower quality may be left unsold, necessitating drastic reduction in price of balance.

3. A greater workload will be directed to the check-out counters, where weighing, bagging, change making, check cashing, etc., takes place. If you are very busy, be sure to have adequate help.

Combination - Bulk and Packaged

A combination of bulk and prepackaged produce appears to be the best approach. To maximize sales and profits, you can select the best points of both the bulk and prepackaged presentations, and then modify them to meet your individual market needs. Visit other roadside markets, commercial markets and supermarkets for ideas. Capitalize on their experiences; they may present products in new containers that you have not seen before.

Prepackaging means wrapping the product in consumer-sized containers, ready-to-go. Prepackaging does not always involve wrapping or closing the top of the package, especially at roadside markets. Open-top packages of potatoes, apples, and some other produce may outsell closed packages.

A good packaging program will often sell more products to each shopper. It will help make your selling job easier because weighing and selecting have already been done. A good package will help build your own brand name and reputation. But, failure to package a quality product will shatter consumer confidence in your market.

Choice of Packaging Materials

You can choose from plastic bags, paper bags, corrugated cardboard, wooden veneer baskets, clear plastic jars and styrofoam gift packs for apples or pears.

Plastic bags are available for selling apples in large 4.54 to 9.07 kg poly bags with drawstrings or plastic handles. Increased use of refrigeration will also increase the use of plastic (poly) bags, especially for head lettuce, yams, onions, etc. Produce packaged in poly bags required refrigeration to slow down the respiration rate and prevent rapid deterioration.

Increasing numbers of roadside markets are using the conventional paper grocery bag for their produce. These are usually available from wholesale firms. The cost is generally lower than plastic and by pre-ordering you can have your market name printed on.

Another roadside market favorite is the corrugated cardboard basket with either wire or wooden handles. Sizes range from 2 to 16 litres. Your market name, address, design, etc., can be attractively imprinted.

A number of roadside markets use wooden veneer baskets available in various sizes. These baskets may be sold with the product they display or the product may be transferred to another bag. Whatever you decide, quote the two prices, one with the wooden basket and one without the basket.

Consider clear plastic jars for honey, cider and syrups. When displayed with light behind the container the light shines through the product to show it at its best. These clear plastic jars are less breakable than glass, lighter in weight and may have secondary uses for the customer as well.

The styrofoam gift pack makes a colorful gift. Roadside operators can stimulate fruit box sales by keeping a sample gift pack on display using quality wax fruit.

Look at other markets to see what containers they are using. Container supply firms often have displays at annual horticultural and agricultural conferences and shows - they may have just what you need to increase sales.

Remember a food container must:

1. Make the product look appealing without misrepresentation.

2. Permit advance preparation in the retail size units most in demand.

3. Protect product from bruising.

4. Help maintain freshness.

5. Help reduce handling costs.

Principles of Display

Merchandise should be trimmed and washed or otherwise be properly prepared before it reaches the display area. The display equipment should be clean and the merchandise displayed in a manner that makes for maximum eye appeal, accessibility to the customer, with a good selection of each item, easily available. A good display should also be easy to maintain.

The best merchandisers make the most of the natural colors of fresh fruit and vegetables. They display commodities side-by-side which are sharply contrasting in color. Displaying a green commodity next to an orange-colored item makes the green "greener" and the orange brighter, so that each commodity "jumps out" at the customer.

Mass or jumble displays are profitable for self-service merchandising. They must be neat and clean. The following are advantages of a jumble display:

1. May be built in a minimum amount of time.

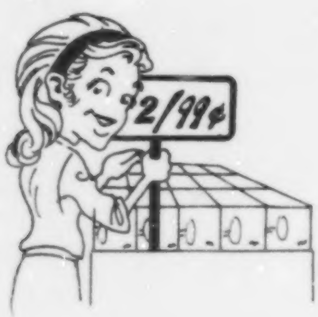
2. Assures maximum selection of the product displayed.

3. Encourages the customer to dig in and buy without spoiling the display.

4. Easy to maintain in an attractive condition throughout the sales day.

Once a display is built, the marketer must remember the importance of accessibility. The customer should not have to reach too far. Build displays so that each commodity begins at the front of the display and runs all the way back. Mirroring the display case will double the apparent size of the unbroken display. Ribbons of produce running from the front of the display to the rear allows the display to be easily maintained. Older merchandise can be pulled to the front and new merchandise added at the rear. This makes for positive rotation of stock following the first-in, first-out principle.

Well-filled displays are the key to volume merchandising. It is desirable to have displays maintained all day long at the same level of fullness.



The principle of full displays applies to wall-type display equipment as well as islands or tables. Keep the display space at the back, just below the mirror, well filled to avoid a "break" in the visual impact of the display.

Horizontal displays look better and are more accessible than vertical displays. A long, cylindrical item or package (like a stalk of celery) should be displayed with its length parallel to the display case. This makes it easier for the customer to pick up the item without twisting his hand.

No display can be considered complete until it is priced. Price tags should be clear, easy to read and at eye-level. For island displays, price tags on cards should be at eye-level too, perhaps on a mast or standard.

Planning Displays

Only with planning is it possible to be assured that each commodity will have the space it deserves. Flexibility is needed in space allocation because of changing marketing conditions such as the weather, quantity, quality and price. For example, salad vegetable space would be increased when temperature rises and would have less space in the cooler weather.

Draw your market on paper and then from your merchandising plans fit each item into its best sales position. Some things to consider when laying out display space are:

1. Build displays with the height of the average consumer (5'4" to 5'6") in mind, so that customers do not have to stoop or stretch to reach the display.

2. Displays should not exceed 0.6 m in depth.

3. Color contrast (reds versus greens), commodity grouping.

4. Related families and use displayed together.

5. High demand and feature items should be properly spaced so as to invite customers to shop the entire market.

Methods of Displaying Fresh Produce

The following section was published in Successful Roadside Marketing Manager's Manual, produced by Marketing Program, Co-operative Extension Service, Michigan State University.

Vegetables

Asparagus

1. Protect tender tips. Display either upright or on side. If on side, do not "shingle-stack".

2. Lay bunches horizontally and parallel to front of case with tips pointing in same direction to form neat row.

3. Do not stack too high.

4. Cut off excessive "white" butt ends. Bunch in 500 g, 700 g and kg bunches; wrap narrow band of parchment paper around each bunch before applying twistem rubber bands or tape.

5. Sometimes display standing upright in shallow pan partially filled with water in order to keep butt ends moist.

Beans (green, wax, pole)

1. All beans are bruised easily and should be handled carefully.

2. Cull out rusty or decayed beans. Display bulk in rows on produce rack, or in containers on floor displays.

Beets, Carrots, Radishes, Turnips

1. Lay bunches horizontally and parellel to front of rack with roots to the flow of traffic.

2. Carrot root-top separation can be prevented with rubber band around the roots.

3. Display prepacked in rows to give ribbon effect on rack. Rotate!

Broccoli

1. Remove yellow flowers, keep dry.

2. Display with heads up or on side one layer high. Stack carefully - flowers damage easily.

3. Protect heads with cellophane sheets.

Brussels Sprouts

1. Sell before outer leaves turn yellow.

2. Display bulk, litre baskets or poly bags.

Cabbage

1. Do not trim too much. Remove only off-condition leaves.

2. Display with stem up or down; fewer leaves are torn off if stem is up, but this is less eye-appealing.

Cauliflower

1. Avoid handling flower.

2. Leave protective jacket; trim 2.5 cm over flower.

3. Display on stem end, not over two high, to avoid bruising.

4. If jacket or head becomes discolored, trim and break into segments, place in poly bag for quick sale.

Celery

1. Trim off discolored or broken stalks; trim butt for fresh look.

2. Display in even rows butt end to traffic flow.

3. Rubber bands around stalk lessen damage.

4. Bunch loose stalks together and sell for chop suey.

Corn

1. Keep it FRESH! Strip a few ears to show quality.

2. Do not overload display; frequent replenishment indicates rapid turnover and freshness.

3. Keep surplus under refrigeration, quality deteriorates rapidly when temperature is over 2°C.

4. Pre-bag in dozen units or bulk display. Sometimes "dumped" on the rack or placed in rows (depends on season).

Cucumbers

1. Keep dry and cool.

2. Sort out undersize, shrivels, etc., and sell at price to move quickly or discard.

3. Place in rows on rack, or when in volume display in bulk or original container (baskets, cartons).

Eggplant

1. Sort out brown-spotted fruit, reduce small ones.

2. Avoid high stacking - many stems may puncture fruit.

3. Sell individually by weight.

Endive and Escarole

1. Trim off brown and broken leaves.

2. Sell by head or weight (depends on uniformity of heads).

3. Break leaves back so bleached heart shows.

4. Rubber band will hold green leaves back, exposing white heart.

5. Ribbon effect is best display method.

Green Onions, Leeks, Scallions, Shallots

1. Trim broken leaves; sometimes leaves are cut to make all bunches equal length.

2. Display flat horizontal to the front of the case with the roots first in shopping view.

Lettuce

1. Trim off broken and rusty leaves.

2. Display with stem up to reduce customer damage. (To pick up head, the customer must take hold where the leaves are anchored.) Losses through loose leaves are reduced.

3. Trend is to prepackage in poly bags for more protection.

4. "Bulk" look of displaying lettuce with rubber bands on each head protects leaves during selection.

5. Display in rows (2-3 high) or in dump display.

Mushrooms

1. Bulk display (in original 4.54 kg containers) amplifies customer selection.

2. Display prepackaged mushrooms in ribbon effect on rack.

3. Keep dry, and sell before they turn dark.

Onions, Dry

1. Watch for decayed or smutty onions; rotate; watch for sprouting onions in late season.

2. Display in bulk; many customers like to select a few for their needs or in packages.

Onions, Spanish

1. Watch for decay; check necks of onions.

2. Spanish sell best in single units.

3. Imported Red Italian onions come in a briaded string and make a fine impression hung from structure and sold individually or by weight. Can also be bagged in poly bags.

4. Keep dry. Do not display by apples or pears.

Parsley

1. Display in small bunches.

2. Keep cool, damp. Watch for mold.

3. Small sprigs are often given away free.

Peas

1. Tend to mold and decay - cull out poor quality.

2. Display in bulk or shell and sell by weight.

Peppers (all types)

1. Sort out broken or decayed fruit, reduce small ones.

2. Don't pile so high they will fall on floor. A damaged pepper generally is a total loss.

3. Uniform sized green peppers can be packed and sold especially for "stuffed peppers".

Potatoes

1. Discard bruised, scabby or decayed potatoes.

2. Potatoes bruise easily. Handle carefully; do not toss bags on the display.

3. Rotate! Moisture loss will occur in most dry markets; shrivelled potatoes are hard to sell. Late in season rotation controls sprouting.

4. Sold bulk, 2.27, 4.54, 9.07, 22.7 kg bags. Experience soon tells what sells best. New potatoes generally sell best in bulk.

Potatoes (Sweet and Yams)

1. Watch for decayed ends - trim and sell quickly.

2. Keep away from drafts (don't drop crate - damage will speed up decay). Ideal temperature is 12° to 18° C.

3. Display bulk or in weighed bags.

Squash (Yellow and Zucchini)

1. Squash should be clean and not too mature.

2. Display in original container.

3. Sell individually or by weight.

Squash (other types)

1. Must be clean.

2. Cuts of large variety squash increase sales.

3. Sell by weight or individually.

4. Basket displays of acorn and buttercup priced X for X¢ (multiple sales) will move tonnage.

5. Large squash can be cut or broken and priced by weight (Hubbard, Delicious, etc.).

Spinach and Other Greens

1. Remove severely damaged and discolored leaves.

2. Display to show leaves. Do not compact leaves, let them be fluffy - helps to lessen leaf damage.

3. Do not pile too high, replenish often.

Tomatoes

1. Sort and display by size and color.

2. Do not display more than two layers high (pressure bruises, stem punctures).

3. Sell in bulk (kg), litre and 2 litre baskets, tubes, squares.

4. Inspect each container for decay or bruising.

5. Do not place under refrigeration or display in refrigerated cases (store at 12-18°C).

Fruit

Apples

1. Do not expose to excessive heat or sunlight which causes skin to shrink and shrivel.

2. Inspect each container for decay or bruising.

3. Display bulk, cartons, baskets or poly bags.

4. Be sure grade and size tags are on each display or package.

5. Do not display prepacked apples over four high.

6. Keep refrigerated for maximum quality.

Berries (all kinds)

1. Pour, sort out poor fruit (soft, over-ripe, moldy).

2. Display one tier high only.

3. Display on flat surface (tie-in shortcakes).

4. Store backroom stock in cooler.

5. Cello caps prevent customers selecting berries from different containers.

Cantaloupes

1. Sort off bruised, over-ripe and cracked melons.

2. Do not pile over four high to avoid bruising.

3. A cut melon (cello wrap) increases sales.

Cherries (sweet or sour)

1. Sort out decayed cherries.

2. Display bulk in original container, or pack into litre containers or tray packs.

3. Keep under refrigeration.

Cranberries

1. Watch for decayed berries.

2. Rotate stock - display in rows on rack.

Grapes (all varieties)

1. Remove decay and discolored berries from bunches.

2. Avoid excessive handling (berries fall from bunch).

3. Temperature changes cause sweating and decay.

4. Sell by weight or in 2 litre baskets.

Honey Dews

1. Check all melons on arrival for ripeness.

2. Reduce bruised, spotted or over-ripe fruit.

3. Sell customers only ripe fruit; help make selection.

4. Sell individually, multiple sales, or cut some melons, cover with cello and sell by the half.

Peaches, Nectarines

1. Handle with care; sort off bruised, spotted fruit; reduce and sell for preserves, etc.

2. Sell only ripe fruit (unripened fruit undesirable).

3. Display stair-stepped displays, litres, kg, 18.2 litres, 36.4 litres, 9.1 litres.

4. Mark varieties; advise which variety is good for canning, freezing, etc.

5. Large premium fruit can be sold individually.

Pears (all kinds)

1. Bruise easily. Pile by hand on soft base. Never dump.

2. Never pile more than three deep on bulk display.

3. Sell in bulk, prepackaged in litre box and cardboard trays. Some 18.2 litre and 36.4 litre containers sell for canning.

Plums

1. Handle carefully. Don't bruise. Sort out bruised, soft fruit; reduce to sell.

2. Bulk displays sell well; keep varieties separated; sell by litre container or larger unit.

3. Mix-em/match-em plum varieties increase sales.

Watermelons

1. Sort out small melons. Reduce price or sell as cut melons.

2. Wipe melons clean if soiled.

3. Keep good display of cut melons.

4. Ice-cold melons in cooler may sell for premium.

Selling Plants

Bedding Plants

Bedding plants deserve careful consideration. There has been a tremendous increase in gardening and the sale of bedding plants has enjoyed a steadily increasing rate of growth.

Bedding plants have great potential for added profits. They offer an opportunity to extend the operating season and, when well displayed, they make a market more attractive.

Procurement

Planning which plants to buy and in what quantity should be done in relation to your market set up.

Timing of production is important. You will want plants available when demand is greatest. You improve your chances of getting the number and quality you need if you have an agreement with the grower before production

The medium in which you receive plants is an important consideration. The ideal medium is attractive, lightweight with a good water holding capacity, reasonable in price, and contains the necessary nutrients to maintain the plant. Discuss these points with the grower in advance.

Hardening off of plants by the grower before delivery is important, especially early in the season. This process conditions greenhouse plants to the temperature they will encounter when transplanted. The use of growth regulators is also in this category. Planning ahead with the grower will help assure top quality plants.

Pictures of plants in full bloom can help increase sales. Growers may label the plants or supply you with labels. Information (mature height, recommended spacing, when, where and how to transplant) printed on the label is helpful for the customer.

Discuss the possibilities of marketing a selection of new varieties but avoid overstocking with new varieties. Begin by stocking just a few plants to determine acceptability.

Handling

Bedding plants require a certain amount of care at your market. When selling bedding plants, remember:

1. Protect plants from the wind.
2. Remove cull and dying plants regularly.
3. Know how often to water plants and how much water to use.
4. Use plants to decorate your market.
5. Price plants on the basis of quality.
6. Plants in bloom almost invariably sell better.
7. Certain types and varieties sell better than others depending on the area.

Merchandising

Only experience will determine what bedding plants your customers want. Make a close study of your location and outlets in your area. Are there other producers of bedding plants who are selling retail at wholesale prices?

Many roadside markets have gone into bedding plants only to find others in the neighborhood outselling them. It is often difficult to get established in an older neighborhood because homeowners have fixed buying habits. You have to offer something different or better to lure them away from their traditional shopping spot.

Consumer Preference

Sell what the consumer wants. For well-established neighborhoods offer the highest quality. Low-to-middle income people may prefer bargain-type merchandise. If you are selling at lower prices, you must sell quality which, in turn, will stimulate repeat sales.

Make an effort to sell pre-bloom stock. Most customers want to have instant color in their landscape and will purchase merchandise in full flower. Know what certain species will do in various stages of development. Plants marketed in the pre-bloom stage will suffer less transplant shock than those transplanted in full-bloom. Some customers want full-colored packs of plants. Urge customers to cut back the plants to promote auxillary growth which will result in more compact plants and more flowers in the future.

Provide Information and Planting Instructions

A serious drawback in selling bedding plants is that salespeople may know little about them.

1. Educate your sales personnel. They should know the characteristics of the plants you are selling.

2. Display posters which tell growth habits, spacing, etc.

3. Label each pack to describe where, when and how to plant the seedlings.

At least one salesperson should have a reasonable amount of knowledge on bedding plants. Customers will come back if someone can answer their questions. Some larger garden centers hire a retired gardener or a college student to act as "garden doctor".

Provide printed fliers or cards with planting instructions including soil type, lime or sulphur requirements, sunlight needs and watering instructions. A secret to increasing sales is the success your customers have in growing the plants they buy. Your "garden doctor" can help them by preparing hand-outs with gardening tips.

Care

Remember that there is less than 5 cm of soil in an average pack of bedding plants. This small amount of soil will dry out rapidly on pavement or gravel. Water frequently. Place flats on racks or in areas where they can be watered easily. Saturate each pack until water runs out the bottom of the pack.

Because bedding plants are grown

with great care in greenhouses, they need protection from wind and intense light. Plants displayed on shelves in full sun or on pavement will have an average shelf-life of only seven days. At the end of this period, they will usually be sold as "bargain". Temporary plastic houses are a good investment for display. Allow for adequate air movement to prevent excessive heat build up. The plastic house can also protect customers from inclement weather. Shade-loving plants should be displayed in a shaded area to prevent sunburn. It is advisable to keep flats off the ground so customers don't have to bend for them.

The following procedures will help you care for and display bedding plants:

1. Keep an adequate supply of water on hand with plenty of hose and an aluminum extension with a water breaker attached.

2. Instruct workers that each flat should be thoroughly watered. On sunny days water flats at least once.

3. Place flats in a protected area away from excess wind or sun.

4. Display flats off the ground.

5. Provide shopping carts or baskets.

6. Purchase only enough stock to last a week.

7. Use plants around the market to decorate and this way you can introduce new varieties.

8. Price on the basis of quality rather than on the competition's price.

Potted Plants

Retail outlets are finding it very profitable to sell potted plants for major holidays. Customers are interested in buying a flowering potted plant at a reasonable price. The sales volume is unlimited and the outlook is very good. A winterized roadside market that sells fresh produce throughout the year should consider stocking potted plants.

When purchasing potted plants, know something about their culture and characteristics. Gear your sales toward major holidays.

Thanksgiving

Chrysanthemums - The demand for "mums" at Thanksgiving is very good. Yellow, bronze, orange and cream are the most desired colors. The flowers should be one-half to three-quarters open for the best display. If possible, have the grower gift or foil wrap the plants before delivery. Water the plant thoroughly allowing for drainage and allow to dry out.

Cyclamen - This is usually the only other plant available at this time of year. It does best at room temperatures of 10°C and 13°C with intermediate light.

Christmas

Poinsettias - Today's poinsettia is the longest flowering plant on the market. If purchased in mid December it will often retain bracts through June. There are several long-lasting varieties. Because of its longevity, retailers now request delivery on or by Thanksgiving. However, most plants are sold between December 5 and December 20. Red is the most popular color - 90 per cent of sales should be this color. Eight to ten per cent will be white and about two per cent will be pink.

Xmas Special

Chrysanthemums are also popular at Christmas. Red or white mums are the most popular and should account for five to ten per cent of your total pot plant sales.

Valentine's Day

Bulbs are the favorites. These include tulips, hyacinths, daffodils and crocuses. The main feature in buying bulb stock is to determine sales dates and buy accordingly. Bulb stock opens in the store very quickly and has a shelf life of three to seven days.

Most bulbs are sold according to pot size. Some growers are considering a combination pot containing three to five different bulbs which will flower at different intervals over a two or three week period.

Tulips - Purchase two to three days prior to sale and in the bud stage just showing color. Place in a well-lighted area.

Daffodils - These are best purchased when the buds are showing.

The "gooseneck" stage of bud development is best for retail sales. At this stage the bud is bent downward and resembles the neck of a goose.

Crocuses - Purchase in the bud stage, just showing color.

Hyacinths - Purchase in the bud stage, just showing color.

Easter

Easter lilies - Lilies are generally sold by the flower number. Most mass outlets sell a majority of lilies that have three to five blooms per plant.

Because the lily does not last long, it should be purchased on Thursday or Friday prior to Palm Sunday. It should be purchased in the bud stage, with one bud breaking open or with one flower open. Water regularly to prevent yellowing of the leaves and abortion of the buds.

Hydrangeas - Hydrangeas come in four colors - red (or dark pink), pink, white and blue. The following varieties are the most common.

Merveille - Extremely versatile variety, medium sized flowers. It is susceptible to mildew. Recommended for its blue color.

Todi - Has an intense pink color, sometimes considered light red. Flowers are of average size, sometimes smaller than Merveille.

Merritt's Supreme - Superior to Merveille, has excellent quality, medium pink flowers.

Rose Supreme - Excellent light pink or blue, with large flowers. Inclined to grow tall.

Hydrangeas are sold according to flower number with two-flower and three-flower being the most popular. They consume large amounts of water and therefore must be watered daily.

Mother's Day

The demand for flowers at this time is great. Mums, hydrangeas and pot roses are favorites. Others are:

Geraniums - With the growing season beginning shortly after Mother's Day, these are a popular choice. There are many sizes and shapes, so shop around for what your customers want.

Gloxinias - Some growers will be producing their first crop from seeds or tubers. The most popular have single red flowers while others range from scarlet to pink and blue. Purchase plants with two to three flowers open and six to eight buds showing color. The plants require less moisture than hydrangeas and roses, but do not allow them to wilt. Use a watering can with a spout to keep water off the foliage and thus prevent browning. Gloxinias are generally grown and sold in 15 cm pots.

Saint paulias - Saint paulias (African violets) are produced all year but are most popular on Mother's Day. Rhapsodie and Ballet varieties are favorites as well as the double blue and pink violets. These varieties tolerate home environments and will flower a number of times. Do not sprinkle cold water on foliage. The most popular size of African violet is 8 cm.

Woody Ornamental Plants

Farm market operators often wish to expand by adding live woody plants (i.e. evergreens, shrubs, trees, roses, house plants) to their line. Proper selection of species and varieties is a prime consideration as is proper care while at the market.

You may wish to develop live plant sales along one of these lines:

1. Small quantities of special items not normally found at other markets; and/or

2. Large quantities of well-known or high demand plants. The second is probably the most feasible for a market whose identity is farm produce.

Consider these factors.

1. Join a local association of landscape, nursery or garden center operators and take part in its activities. Contacts and discussions with others handling plant materials will help you decide what to sell, where to buy, how to display and best handling methods.

2. Visit garden centers or farm markets that already sell plants.

3. Become acquainted with horticultural brokers serving your area. They can help you locate plant material and find cultural information.

Selection of Materials

Try to stock plants which are in demand and move quickly. Spring and fall are peak seasons, but summer is becoming important due to the introduction of large numbers of potted plants into the trade.

In general, color is a good sales promoter. The following have variegated or colored foliage:

Golden Vicary - a privet
Golden Syringa - a mock orange
variegated dogwood, a form of Rodosier Dogwood.

Two flowering shrubs that bloom in the spring are **Forsythia** (Golden Bell) and **Azalea** - white, yellow, red, lavender and blue.

Other favorites are flowering trees such as **Magnolias** and **Redbud** (cercis canadensis).

The most popular evergreens are junipers and Japanese yews.

Root Selection

Plants may be held for sale in three ways.

1. Bare root stock can be handled only during dormancy, which restricts the time for sale to spring and fall. Display and sales areas must be kept cool (unheated) and reasonably dry since temperatures in excess of 10 - 16°C cause the breaking of dormancy. Most deciduous trees and small shrubs can be handled bare root. Evergreens and a few sensitive plants such as Tuliptree, Magnolia, Flowering Dogwood, and very large trees and shrubs must be either balled or potted.

2. Balled plants (B&B) extend the season for planting and therefore can have a longer period of sale. They should be planted or sold before or shortly after breaking dormancy. The dormant period varies from south to north, so find out what it is at your location.

3. Potted plants extend the season of planting and sales indefinitely. Other factors of care may make potted material the best choice for farm market sales.

Display and Size

Mass plants in bloom to attract attention. Color photos in the display area help buyers. Proper naming of plants (both common and scientific) is important, along with clearly displayed pricing.

Sizes to sell depend a great deal on kind of plant material, i.e. evergreen, tree or shrub, upright or spreading, price compared to size, etc. In general, the popular sizes for shrubs and evergreens are 46 to 61 cm and 61 to 76 cm. Best tree size is 0.60 to 0.90 metres.

Care and Handling

Plant material will rapidly deteriorate if not properly cared for after you receive it. Don't accept delivery of material in poor condition.

Windbreaks of fencing, rows of established plants or buildings are necessary for protection. Plants may suffer more moisture loss from high wind than from direct sunlight. Moisture loss is most damaging to bare root and balled stock.

Shading from direct sun is a must, especially with bare root and balled stock. Natural shade from nearby trees or buildings is all right; but if it is not available, overhead lath shading should be set up. Lath shading should be placed so that the laths are no farther apart than the width of a lath. Although it may be more expensive, saran shade cloth can be used. A grade of saran that allows 50 per cent shade would be adequate. Saran is less permanent than lath.

Fertilizer should not be necessary in most instances. With potted or balled stock, however, it may be advisable to use a water-soluble, complete fertilizer injected into the watering system at slow rates every two to three weeks. With restricted root growth, shading, etc., plants cannot use large amounts of fertilizer. Small amounts, particularly in overhead watering systems, can be effective in keeping plant material in prime condition.

Overhead watering with spray heads is probably the most effective and efficient system to maintain an adequate supply of moisture.

A bed to enclose the plants should be constructed with 5 cm x 25 cm or 5 cm x 30 cm framing. Enclosed beds can then be filled with peat, wood chips or other organic materials which conserve moisture. Beds constructed in this manner and made fairly watertight may be flooded as a watering method.

Balled stock must be placed in beds and mulched to keep in saleable condition.

Potted stock can be put close together in blocks and adequately watered by flooding in closed beds or overhead watering without closed beds.

Hand watering with a hose is not very successful.

Overwintering

Plants can be held over the winter. In most cases, due to handling problems and expense, it would be wise to reduce the price and take a loss on these plants rather than hold them over. Plants must be plunged into the ground, whether potted or balled, for the winter or moved to an unheated polyethethelene house for protection.

Other Considerations

1. Ideally, someone with experience in growing plant material should be available for consultation with both salespeople and customers.

2. You may wish to handle chemicals, fertilizers and other garden supplies. Personnel from horticultural supply firms and Nova Scotia Department of Agriculture and Marketing representatives can help you decide what to handle.

3. Instructions should be made available to customers on planting and care.

4. You should offer guarantees. These can vary, but most are for one growing season.

5. Planting services are demanded by many customers. Find a landscape contractor you can recommend to your shoppers.

6. To hedge against losses or meet your overhead and make a reasonable profit, retail price must be about double the wholesale price.

Fruit Baskets

Gift fruit baskets for holiday occasions are a source of extra profit for many roadside markets. It takes considerable time to increase volume, but untiring efforts will produce unlimited results. By contacting businesses and hospitals, advertising in local newspapers, calling on regular customers and having attractive displays, you can create a successful fruit basket business.

Many companies are interested in an inexpensive and attractive gift for hospitalized or retiring staff or as a bonus. Once they try fruit baskets, they usually become regular customers.

Advertise and let the community know you are in the gift fruit basket business. Send out cards, notes or letters to customers and business establishments before holidays. One market printed 200 cards about their service, selecting names from the city directory. Sales were phenomenal.

Plan two to three months ahead to ensure a good selection of baskets and wrapping materials, and to allow for delivery. Extra labor may be needed and must be trained in the art of creating gift baskets. Most of the volume will be sold in the last two to four days before the holiday.

Making a Fruit Basket

Select the size basket you wish to use. Place on one wide sheet or two side-by-side sheets of plastic that are long enough to pull up around the basket and the fruit, and have ample amounts left over for tying and attaching ribbon with a flare of the cellophane above the ribbon for added decoration.

Use an assortment of fresh fruit. Place the heavier items like grapefruit and oranges in the bottom for a base. Begin to fill by placing the items one on top of another, with wedges of various shapes. Next, add smaller pieces such as clusters of grapes, bananas, tangerines, limes and kumquats; or miscellaneous pieces such as bottles of maraschino cherries, cheese packages, nuts, dates, etc. After the basket is filled, pull the cellophane up around the basket above the handle and tie with cellophane or strong ribbon.

Pricing

Establishing two or three price levels ($4.99 to $9.99 to $14.99) will appeal to most customers. Once you have made a fruit basket in one of the price ranges, record the items and use them in subsequent basket preparations.

To establish the retail price, total the cost of each item (fruit, basket, ribbon, cellophane, etc.), double this figure, and round off to the nearest attractive retail price. Example: fruit $4.21, materials $3.25 ($4.21 + $3.25 x 2 = $14.92) or $14.99 retail.

Let it be known that you will make extra special baskets on order, filled with products that the customer may specify. These may sell at $19.99 to $24.99 to $29.99 or higher depending on requested products.

Displaying

Stair-stepped displays are an attractive way of displaying fruit baskets.

Do not keep fruit baskets on display for more than three days. You must unwrap and check the condition of the fruit. Never sell less than the best. Your reputation and your customer's confidence (as well as that of the recipient) are at stake.

Other Considerations

1. Display signs stating that you prepare fresh fruit baskets. Baskets filled with attractive plastic fruit and covered in cellophane with a ribbon will remind customers of their availability.

2. Tell local hospitals that you make and deliver fruit baskets.

3. Display bread baskets filled with fresh fruit at the check-out. This is a good year round seller.

4. In addition to offering ready-to-go versions of fruit baskets, suggest the do-it-yourself approach. Let customers select the fruit backed with the offer to provide the final touches of wrappings and ribbon for a nominal fee.

U-PICK MARKETING

U-PICK MARKETING

With rising harvest labor and container costs, more and more fruit and vegetable growers are finding U-Pick harvesting a profitable venture.

U-Pick marketing is especially popular with growers who own small acreages who were finding it increasingly difficult to market their produce at a fair return through wholesale channels.

Quality is an important factor. As food costs increase, buying fresh, quality produce directly from the grower becomes an attractive alternative for the consumer.

U-Pick also provides recreation. It allows the whole family to participate as a unit. From the urban consumer's point of view a trip to the country and visiting a farm is an exciting experience. They enjoy taking part in the harvesting as well as returning home with enough produce for canning and freezing. A shady area with picnic tables where children can play and customers can relax is an added inducement. A wash-up area and clean toilets add to the comfort and attractiveness of the place. A wise U-Pick operator sells these values along with his products.

U-Pick can often provide the needed increase in income from existing acreage. Total dollars received from a given acreage of a well-run U-Pick crop is usually well above the amount received from the same acreage sold through wholesale markets. Savings in harvest, labor, container cost, commissions and transportation costs add further to the net income.

Some Success Factors In U-Pick Marketing

1. Long hours - hard work.
2. Must like people.
3. Family operation.
4. Honest employees.
5. Involve family in profit of operation.
6. Give customers individual attention.
7. Be prompt, courteous and friendly.
8. Large community within half-hour drive.
9. Top quality produce.
10. Neat, well-kept buildings and grounds.
11. Adequate parking.
12. Be able to handle overflow crowds.
13. Advertise as much as results warrant.
14. Be known for a specialty.
15. Have attractive signs.
16. Have a farm brochure.
17. Give instructions for product use.
18. Have regular hours - keep them well publicized.
19. Make improvements regularly - use in publicity.
20. Show people how to harvest and handle produce.
21. Location on or near a well travelled road or use lots of signs to direct people in.

Many other factors including ways you can make your operation unique can mean a lot in the success of your U-Pick.

Start Small

Most successful U-Pick operators advise starting small and growing into the business. Many growers who sell a substantial part of their production in this manner report it has taken 5 to 15 years to become well-established. From experience, the operator will learn that the best crops for his farm are those preferred by consumers in his area.

Pros and Cons of U-Pick Marketing

Advantages to the Producer - U-Pick operation has many advantages for an operator with a limited acreage. As a rule, farmers in this situation must rely on high income cash crops in order to earn a sufficiently large income. The advantages for a producer will vary from one operator to another because each operation is unique. The individual abilities of the operator, the resources at his disposal, and the managerial techniques he applies, are all important ingredients in successfully realizing the advantages of U-Pick. A few of the potential advantages of a U-Pick operation for the grower include:

1. The need for seasonal harvest labor is greatly reduced.

2. Grading, packing, and storage costs are eliminated.

3. Container costs are reduced and the ability to recover what costs are incurred is greatly increased.

4. The producer receives payment for the crop in cash at the time it leaves the farm.

5. The middleman's commissions are eliminated. This usually provides a greater return per acre.

6. The need for labor camps and housing is eliminated.

7. The need for packing house and cold storage facilities (in most cases) is eliminated.

8. The yields of many produce items are increased by 10 to 15 per cent when they are picked fully ripe.

9. The grade-out loss is usually less when a crop is harvested U-Pick than it would have been if the product had been graded and shipped wholesale.

10. There is less risk of price fluctuation during the season. The grower can control the price to a much greater extent.

In addition to these direct advantages, there are a few indirect advantages to the U-Pick operator and his family including improving the public image of agriculture and making new acquaintances and friends. Finally, the satisfaction of working with, and seeing, his farm products consumed at their top quality is very gratifying to some growers.

Advantages of a U-Pick Operation to the Consumer - These range from saving money to personal satisfaction. The consumer advantages are:

1. It provides a way of getting good quality, fresh produce, that has not gone through a lengthy market channel.

2. It provides an opportunity to pick in quantities large enough for home canning and freezing.

3. It provides the consumer with an interesting experience in the country.

4. Consumers may choose the quality they pick.

5. It may provide an educational experience for young children.

6. In most instances, it provides good quality produce at less than retail prices.

7. It provides the consumer the satisfaction of having picked it himself.

Disadvantages to the Producer -

1. The producer assumes additional liability for accidents.

2. Most successful operations are open on week-ends and usually for long hours.

3. There are risks that the producer may not realize returns from entire acreage due to lack of consumers or bad weather; alternate market outlets may be needed.

4. A parking area is a necessity, with controlled entrances and exits.

5. The producer must deal with all kinds of people, including some disagreeable types.

Each U-Pick operation is unique, depending on the individual abilities of the operator, the resources available and the potential customers. The attitude of the operator and his family is the most important ingredient to success for U-Pick.

Selecting a Good Location

There is no simple method of evaluating a location for a U-Pick. Experts in the business generally agree that several location factors are important. These are:

1. Best opportunities usually exist near a large urban population. A 25 km radius is a good distance. However, consumers will travel a longer distance when they are assured of quality produce and will usually purchase larger quantities.

2. Other favourable locations include rural areas with towns and non-farming rural areas nearby.

3. The number of other U-Pick operations in your area should be considered.

4. When possible, locate on hard-surfaced roads or at least provide good access, all weather roads. Well placed signs are necessary if the farm is located off the main road. Mark each turn clearly.

5. Locate on sites and soils that provide good water drainage. Can people pick soon after a rain? Have some extra straw on hand to place in muddy spots and walkways.

6. The U-Pick field or the access to it should be visible from the farm home.

Although a good location is desirable, it is often surprising how customers can find fairly inaccessible locations.

Planning for Production

The first concern in planning is to grow crops that people want for both immediate use and for home canning and freezing.

The choice of crops and quantity should be done with the market in mind. Know what your competitors are growing, i.e. variety of fruit, vegetable, quantity produced, and their success with consumer harvesting.

Careful consideration should be given to the adaptability of the crops chosen for consumer harvesting. Many farmers have found that crops which require some degree of picking skill are not well suited to consumer harvesting.

Another pitfall to avoid is producing more of some items than is possible to move and not enough of other items. When deciding what quantities of each item to produce, it is helpful to think in terms of the number of units (kg, litre, etc.) that can be sold rather than the land area (number of square metres or acres) required to produce them. This forces more precise estimates of the actual amount of produce that will be needed to meet the demand.

Consider a succession of plantings for annual vegetables to give a longer harvest period. Several varieties of fruit crops such as strawberries, cherries, peaches or apples that ripen over a period of weeks will encourage repeat sales. It also makes advertising and promotion programs more effective by giving people time to plan their visit to the farm after seeing or hearing availability announcements. With longer harvest periods, it is easier to have a variety of items for sale at any given time. Continuity for a specific item as well as several different products encourages repeat business and larger purchases per customer. Unplanned impulse purchases increase when more kinds of high quality produce are available.

Crops Suitable For U-Pick

Fruits	Vegetables
Strawberries	Tomatoes
Raspberries	Pole Beans
Blueberries	Snap Beans
Apples	Peas
Cherries	Sweet Corn
Peaches	Pumpkins
Plums	

Trees
Christmas Trees

Structures and Surroundings

Buildings and Pleasant Surroundings

Perhaps the most important feature around the U-Pick is the check-out. It can be a simple station, a fabricated shed or a dressed-up barn.

A clean, neat check-out and supply/storage facility usually denotes a grower that takes a keen interest in his operation and products.

Buildings don't have to be large or fancy; in fact, expensive looking structures may actually take away from the country farm look. Buildings should be well maintained. Some remodelling and painting can turn most barns into attractive shelter/storage and/or check-outs. Attractive, functional buildings that are adequate for the volume of business are all that's needed.

Movable check-out stands on runners or wheels that can be towed by a tractor are often used. For strawberries, snap beans and tomatoes some operators prefer this concept to the permanent central check-in/check-out station especially if parking is at the picking area.

Rest and picnic areas create a relaxed atmosphere where older people and children can wait while Mom and Dad and older children pick the produce. Promote pleasant surroundings and country atmosphere as well as fresh produce. A picnic area may have added attraction for urban customers who don't often get to a park.

Wash-up facilities and clean toilets are a must if you wish to promote a convenient and comfortable atmosphere. Dirty or sticky hands from harvesting do not create a pleasing memory. Washing the face and hands helps cool and refresh the picker who has worked up a sweat. Repeat business will be encouraged when the U-Pick experience has been pleasant.

PICKING
PARKING

Parking

When choosing a location for the parking lot some operators prefer a single parking facility located away from the fields and near the check-out. Others have several parking areas at different points on the farm allowing cars to drive through fields or orchards.

There are advantages to concentrating parking in one area. Some are:

1. Safety of customers who are walking around the picking area.

2. Traffic control is easier when the cars are concentrated in one area, fewer signs are needed. Land taken up by road ways is reduced and the roadways that are provided can be wider and better maintained.

3. Security and theft prevention are generally easier when the parking area is located in one area near check-out point.

4. Maintenance of one large parking area is generally easier than trying to maintain one or more areas at different places on the farm. Mowing, marking, grading and so forth, require more time when several areas must be handled.

5. Fewer workers are generally required for supervision of one large parking area than several smaller ones.

On the other hand, there are instances where operators allow customers to drive their cars into the field or orchards. Among the reasons for not placing the parking area in one central location are:

1. Bulk or heavy produce items such as apples, peaches, tomatoes, etc., are difficult for customers to carry to their cars. If parking is located far from the picking area, some type of transportation must be supplied.

2. Widely scattered picking locations that are a long distance from the check-out area - some type of transportation would be required.

3. Small customer volume picking at any given time so that the cost of providing transportation to picking areas would be too high.

4. Wholesale U-Pick operations where the fields are opened to a few customers who are buying large quantity of produce for resale.

Whether a central parking area is chosen or several smaller areas are employed, there are certain characteristics which are desirable for the area. The area you choose should be:

- large enough to handle the volume of cars at peak times;
- relatively smooth with a good grass cover;
- on well drained soil capable of bearing cars after a rain;
- as free from brush and weeds as possible;
- away from unfenced creeks, ponds and dangerous livestock;
- level enough to safely park cars;
- easy to drive into and away from; and
- shaped regularly to allow for efficient use of space for parking.

It may be difficult to find an area with all these characteristics on some farms. However, the more that can be incorporated, the better the parking area will be.

Accurately estimating how much parking area will be required is difficult. As a general rule of thumb, the parking area turns over three times per day. Therefore, if there are 600 customers each day, around 200 spaces would be adequate. The operator may find it necessary to modify this technique to meet the specific needs of his individual operation. If the customers do not arrive at an even rate throughout the day, more spaces may be needed.

The lay-out of the parking lot is an important factor in creating orderly parking. Key decisions include the method of marking spaces, dimensions of parking spaces, angle of parking used, traffic patterns in the lot, number and location of entrances and exits to be employed.

Some U-Pick operators do little or no marking of parking spaces in their parking area; others lay out rows and individual spaces. The degree of marking that is necessary depends to a great extent upon the size, shape and level of supervision in the parking area. In general, it is desirable to indicate rows with some type of marker. When rows are marked, it is much easier to keep the lines of parked cars straight and thereby get the best space utilization.

Perhaps the best way to mark parking lay-outs is with narrow bands of hydrated lime. These lines provide a safe economical mark that can be mowed over quickly. The liming can usually be done with less labor. When a change in lay-out of the lot is desired, it can be moved easily. Lime marks can also be used to delineate individual parking stalls if the operator chooses to use them.

There are generally two types of parking lay-outs. These methods are right angle parking where cars park perpendicular to the lines and two-way lane is provided, or parking stalls can be placed at an angle with a one-way lane. For U-Pick operations, the right angle perpendicular method is probably most effective. In the event that angle parking is used, it is necessary to mark off individual spaces for each car.

Marked parking spaces need a width of three metres and six metres length. The driveway between rows of cars should be at least eight metres. These measurements can help you calculate the parking capacity of any given area.

Maintaining Roads

Roadways must be maintained in smooth and reasonably dust-free condition. A speed limit of 15 to 25 km per hour will help avoid excessive road wear. A prominent speed limit sign at the entrance and another at parking areas will usually be enough.

Roads that have more than occasional usage should be gravelled. Culverts over drainageway are justified to prevent water holes and muddy places from developing. The roadway will need shaping with grading equipment and an occasional going-over to fill holes and smooth rough spots. Additional gravel will usually be needed on roads with this surface every one or two years. The entrance, roadway and parking area are the first impression U-Pick customers get when they arrive, so it is worth extra effort to make this first impression favorable.

Fencing

Fences can be both decorative and functional. Woven wire fences 1.2 metres or more in height will usually keep people from wandering into other places. A fence can separate the parking lot from harvest areas. The fence will also assure check-out of produce before it is loaded into cars. During busy times, a positive check of all produce may be difficult without some directing of crowds by fencing or other means. Wood slat snow fences can be used as a temporary means of directing people or separating areas. Avoid barbed wire or other material that can easily injure children or other people. Don't allow children to climb on fences. Besides damaging the fence, they may be injured. Fence off danger areas such as deep ponds, very steep banks and livestock.

Managing the Operation

In theory, managing consists of five functions.

1. The first step is defining the objectives and goals of the business.

2. The planning function involves forming short, intermediate and long range plans and goals.

3. The organizing function involves deciding upon and arranging the elements needed to fulfill the plans.

4. The directing function means getting the plans and managerial decisions executed.

5. The co-ordinating function involves organizing the jobs and processes needed to accomplish the plans and goals.

On a more practical level, the following should be considered and planned accordingly.

Check-in/Check-out Stations

Several methods of checking in and out can be used. One very successful system uses a building through which all customers must pass on their way to and from the field. Moveable tables or stands with a canopy or roof may be used for checking pickers in and out. Sometimes two are used to facilitate larger crowds; one is the check-in, the other the check-out.

Nearly all check-outs can be divided as automobile or pedestrian access.

In the automobile access system, cars are allowed in the picking area. This system is used in orchard operations or where fields are widely scattered.

The mechanics of a typical automobile access system are:

1. The customer arrives at farm entrance and drives to check-in.

2. The customer's containers are weighed (or he is provided with containers).

3. The customer drives to the field or orchard, picks his produce and drives to the check-out.

4. At check-out, the total weight is taken and the container weight subtracted to get net weight. Trunk and doors are opened for inspection.

5. The customer's bill is figured and he leaves the operation.

When the automobile system is used, signs should be posted at the check-in to inform customers of picking, pricing and check-out policies.

In the pedestrian access system, cars are not permitted beyond the entrance of the picking area. This system is widely used where fields are centrally located and a large number of pickers are expected. It is the typical system for handling strawberries and small produce items that are easily carried. When used for heavier crops or orchard crops, transportation is usually provided.

At a typical pedestrian access system:

1. The customer drives to the parking area.

2. His containers are weighed (or he is provided with containers) and carriers are issued.

3. The customer walks (or is taken) to the picking area and picks his produce.

4. The customer goes through the check-out.

5. The customer returns to the parking lot carrying his produce, or if it is too heavy, he drives to the check-out to pick it up.

A potential traffic problem exists with bulky items at the check-out. A well planned traffic pattern and a large parking area will be required. This means hiring people to direct traffic during peak periods. But the pedestrian access system has the advantage of bringing the customers past the check-out on foot rather than in a vehicle.

Smart direct marketers can increase sales by offering ready-harvested produce, snack foods, cold drinks and other items at the check-out. Remember to have a few garbage cans around for empty food and drink containers. Recipes and printed hand-outs can be given out at the check-out too.

No matter what system is used, the check-in and check-out stations should be identified. They should be well maintained and add to the farm or country atmosphere.

Selling by Weight, Volume or Count

The best method will depend upon the type of produce and the check-out system.

Volume Measure - When volume is used as a unit of sale, it is desirable to keep a sufficient supply of volume containers for consumers to use. Unless this is done, the produce must be transferred from the container customers used when picking to volume containers for pricing and then back to the original container. This process is time consuming and can damage ripe produce.

Advantages of Volume Measure

1. Traditional method for apples, peaches, strawberries, etc.

2. Eliminates the time and problems involved in weighing produce.

3. Customers can pick in volume containers and figure their bill before leaving the field.

4. There is no need for scales.

5. Purchase levels are more easily understood than if stated by weight.

Weight Measure - When weight is used as the basis for a sales unit, it is necessary to have reliable scales. Scales must be metric and inspected as required by law.

Both the empty container and the container filled with produce should be weighed in full view of the purchaser. This helps prevent misunderstandings over the bill.

Advantages of Weight Measure

1. There are no arguments about what constitutes a litre, etc. Overfilling is less of a problem.

2. No need for standardized containers.

3. No need to transfer produce between containers.

4. The size of individual pieces of produce is not a factor in pricing.

5. Weight is generally understood and considered a fair basis for pricing most produce.

Sales by Count or Bunch - It is customary to sell certain kinds of produce by count. Customers expect to buy lettuce by the head, watermelons, cantaloupes, squash by the piece, and broccoli, spinach, radishes by the bunch. These crops can present special problems in pricing and check-out.

In the case of items sold by the piece, size will differ among the pieces. Likewise the operator must deal with the problem of how much spinach, broccoli or leaf lettuce constitutes a bunch. Alternatives are weighing or packaging. However, weighing crops such as radishes or beets without removing tops creates additional problems. Size classes can be set up for some items sold by the piece and used to determine price. Other items can be sold by weight if problems arise.

Containers

For crops like cherries, blueberries, raspberries or blackberries, the grower may find it practical to furnish picking pails of not more than four-litre capacity. The smaller-size picking container avoids bruising of fruit, because there is less weight on fruit in the bottom of the pail. The fruit can be transferred to boxes, lugs, trays or other containers for taking home. For many crops like snap beans, tomatoes, apples, grapes, etc., customers often pick directly into the same containers they take home. In any case, customers who bring their own containers save money.

Many operators stock containers for sale to customers. The purchase of containers is optional at most operations that sell containers. If the customer chooses to buy containers, there is an additional charge, usually large enough to cover the grower's cost and leave a small profit.

Unnecessary extra handling or transportation in incorrectly designed containers can cause damage and loss of quality in some produce items. Many U-Pick operators encourage customers to purchase the proper kind of container. For example, a customer who brings deep containers for a crop like strawberries will be much happier with the quality of fruit he takes home if he uses shallow containers to transport his produce home.

Field Supervision and Proper Picking Procedures

Supervision is a communications problem. It boils down to letting customers know what the ground rules are, and having someone in the field to see that they are followed. Employ a supervisor who can manage people and maintain "row control". They should see that customers do not pick just anywhere in the field or orchard. Some operators hand customers a mimeographed list of rules when they check in. Others have the rules posted on a sign near the check-in station.

The rules, of course, will vary widely. In general , it's best to settle on a few clearly stated rules which customers can read quickly and remember easily.

Many customers appreciate some discipline in the harvest operation so they can harvest the amount of fruit or vegetables of the size and quality they desire in a reasonably short time. When customers do not pick the field clean, try not to "boss" them and make their visit unpleasant. Instead, plan more efficient field arrangements and employ a competent field supervisor.

Carefully planned field arrangement is often helpful. Roads across the field and short row lengths (60 m) will help control pickers. The fields to be harvested may be rotated. For example, one third may be harvested each day to insure ripe fruit each day.

Whether or not children are permitted in the field is optional. Children under 5 lose interest quickly. Some growers do not permit the younger children in the fields or orchard to "help". Rather they provide a playground or some type of entertainment. A fenced-in play area and a caretaker to look after the children is thoughtful.

Supervisors should be provided with some easily recognized "badge of authority" such as an armband, distinctive hat, or a shirt with the farm name on the back. Otherwise pickers may mistake the supervisor for another picker and resent the instructions they give. The field supervisor should be supplied with flags, colored metal rods or wooden stakes, or other such markers for marking unfinished rows. All pickers should pick in one direction. Pickers should not be permitted to pick in the opposite direction after finishing rows.

With low growing crops such as strawberries or peas, one person can easily supervise 50 to 75 pickers. In tree crops or high growing bushes where visibility is obscured, one supervisor will be needed for every 10 to 15 pickers.

A number of U-Pick operators have found 2-way radios a valuable aid to supervision. If a customer runs out of containers the field supervisor can call the check-in station and ask for more to be sent out. Likewise if a customer claims, "The field supervisor said I could have these at half price for finishing the row", all the check-out clerk has to do is press the talk button and say, "Hey, Agnes, what sort of a deal did you make with the lady in the green sweater?" In case of an accident, a radio could reduce the time required to obtain medical aid.

Since many customers spend the better part of a day at the U-Pick, they will want drinking water, shade, toilets, picnic tables and possibly food and beverages. A water cooler and some paper cups is probably the easiest solution to the thirst problem. "Wipe-N-Dry" towels or "Towelettes" can be provided for clean up. A "Mobile Canteen", "Coffee Shop on Wheels", or catering service may be persuaded to provide food and beverages at lunch time if the number of pickers is sufficient. Providing these services may attract more customers and induce them to stay longer and buy more. Making use of off-farm sources to provide some of these services saves your time and effort for specializing in management and supervision of the operation.

Handling Money

Employees at the check-out will be required to make change with nearly every transaction. Large volumes of customers during peak periods increase the chances of clerk error. In order to minimize the loss of money and customer good will, the following procedure has been proven most effective.

1. The clerk figures customer's bill.

2. The money tendered to the clerk is laid in plain sight of the customer, not in the till.

3. The clerk counts money into his or her own hand from the register or till.

4. The clerk then counts the money out loud as it is placed in the customer's hand.

5. After the customer has acknowledged the correctness of the transaction, the payment is placed into the register or till.

This procedure will greatly reduce the number of times errors are made. If the money tendered is in plain sight of the customer, it is much easier to establish who is correct in the event a dispute does occur.

A U-Pick operation (in contract to a wholesale fresh market operation) requires a large number of relatively small cash transactions. The small size of these transactions and their frequency makes a cash control system highly desirable. This is especially true in the larger operations where daily gross receipts can run into thousands of dollars.

The best system for sizable operations is a cash register with a tape to keep a record of transactions made. This system provides the operator with a method of checking the balance on the register tape with the cash receipts in the register.

Cash register systems vary from simple ones that give only a running total to very sophisticated electronic machines that can yield massive amounts of information. Most U-Pick operations do not require a sophisticated register. In general, the desirable features would be:

1. Itemizing capabilities that give subtotals for each type of produce purchased (e.g. strawberries, peas, beans, etc.).

2. A sales tax key for taxable items, if any, to reduce clerk error in collecting tax.

3. A locked "roll back" mechanism to prevent employees from rolling back the totals and removing an equivalent amount of cash.

In addition to its value for income tax records, the information that you can get from the cash register tape can be valuable in planning for your operation. Such information as the average number of customers, average purchase per customer, sales tax collected, can be taken or computed from the tape. Especially in large operations, these measures are useful in decision-making.

Advertising

Advertising should be planned well in advance of harvesting. This allows people a couple of weeks to plan freezing or canning, and to arrange time in a busy schedule.

The importance of advertising cannot be over-emphasized. In spite of cold spells, rain and other weather conditions, customers want to know the day, or days, your operation will be open. Customers who drive 100 km only to be turned away by a sign reading "sold out - may have some next week" will think twice before coming back.

One of the most effective methods of advertising that a U-Pick operator can use is a mailing list. Have all the information, except the picking date, mimeographed on a post card. (See example below.)

Dear Berry Picker:

Strawberries will be ready for picking at Bill's Berry Patch, Route 101, South Port, July 10.

Ann & Peter Thomson
812-5050

As customers check out, have them put their name and address on the front of the post card. Then, next year, about a week or two before picking time, just write in the appropriate date and mail. A mailing list managed this way is inexpensive, takes little time or effort and reaches customers who know you, where you are and the quality of your merchandise. Having your phone number on the card means customers can double check availability before leaving home.

You may want to divide the mailing into three or four groups and put a different picking date on each to avoid being mobbed the first day. One grower uses his mailing list to weed out undesirable customers. Those who shake the tree or trample the berries don't get a notice.

For other effective methods of advertising that include newspapers, radio, signs and word-of-mouth, refer to the advertising section of this manual on page 51 .

Remember, don't try local radio stations or small town dailies unless you are sure you have the acreage, parking capacity and staff to handle the crowds that a wide media coverage will generate.

Phrases and Ideas for U-Pick Advertising

Try using the following phrases in your advertising materials:

- "U-Pick"
- select your fruit by picking it yourself
- save harvesting, packaging and marketing costs
- enjoy the country on a family outing
- the privilege of selecting fresh fruit is yours by picking it yourself
- for quantities picked and packed, please order in advance
- special on (Wednesdays) - pick 5 kg, pay for 4 kg
- quality (variety name) (berries), excellent for freezing
- bring your own containers
- boxes (baskets) for sale in the field
- we start picking (day and date)
- apples are ready to pick now
- the field will open at ___ a.m.
- picking each day lasts only until acreage set aside for the day has been picked
- in case of rain, picking will start as soon as rain stops
- supervised play area for children
- your name, address, telephone number and directions to the farm.

Some key words and phrases are:

- large fruit
- excellent for (canning) (freezing)
- best quality
- farm fresh
- peak of the season
- ripe and ready
- home grown
- (salad) (dessert) favorite.

Large signs advertising "U-Pick Strawberries" may be placed along the highway. Some growers also post a blackboard where they can advertise daily picking information such as:

- we start picking about July 7
- next picking 7:00 a.m., July 10
- no admittance to fields after (8:00 p.m.).

A taped telephone answering service will take care of numerous phone calls received each day. The tape is changed as the picking situation demands. This equipment rental can be justified for medium to large sized operations.

Other ideas to attract customers and help them enjoy their visit are providing picnic tables, permitting a walk or wagon tour around the farm and barns.

Rent-A-Tree or Garden Plot

The rent-a-tree or garden plot is another method of U-Pick marketing that offers benefits to both grower and client.

For the grower, it means an attractive income while eliminating the need for hired help at harvest time.

Consumers appreciate the savings on food costs as well as getting the freshest possible produce. The satisfaction of "I grew it myself" as well as healthful recreation are attractive to the consumer and are promotable sales pitches the grower should use in his advertising.

In a typical rent-a-tree arrangement the grower rents fruit trees for one season. The renter is free to visit his tree and use the picnic area as often as he likes as long as he adheres to the rules of the contract.

The grower does all pruning, fertilizing, spraying and provides ladders for harvesting. The renter is notified when his tree is ready to pick. An identification card with a number matching with his tree number is given to the renter.

The contract should state the hours and days that the orchard is open. Also included should be a list of the areas where picnicking, hiking and other activities are permitted. Out of bounds areas should be noted. Any customers who knowingly trespass on these restricted areas and get hurt will be less likely to win a legal action against the grower.

The signed rental contract should state the rights and privileges of the renter along with what the grower will do regarding tree care, grounds maintenance, etc. A clause should be inserted giving the grower the right to cancel the contract and refund the rental fee if the renter breaks the rules of conduct.

Conditions such as how well areas are marked and how specific the rental contract is written all affect grower liability. Good maintenance of roads, fencing off danger areas and removing poisonous plants reduce the chance of injury. An initial visit and tour of the farm with customers gives the grower the chance to point out the interesting and hazardous features of the farm.

The rent-a-garden concept usually involves a plot of 150 to 600 square metres rented without any added services.

A commercial producer may rent plots, including basic land preparation, fertilizer application, some seasonal cultivation and irrigation as needed, for a higher charge. This arrangement is more economical for the renter than doing these things himself. The landlord may also make some added income from doing these services at one time on a volume basis for all his clients. Row spacings, in this instance, should be uniform and fit regular cultivator widths. Tall growing crops like corn and vine crops should use the same rows in each plot so the cultivator can be used in low-growing or bush type plants longer during the growing season.

A written contract with rent-a-garden customers must clarify the rights and duties of both parties. A waterproof label in the garden to match a card carried by the renter can provide a means of checking people in and out of the garden area. This also provides the necessary garden identification to help prevent the misunderstandings and hard feelings caused if produce gets harvested from the wrong plots.

Seeds, plants and other items needed by gardeners can also be sold. These, as well as U-Pick produce from other parts of the farm, are additional sources of income. People who garden usually do canning or freezing; you may want to consider selling these supplies too. The potential for these extra items will vary with location so it is a good idea to start out gradually.

Rent-a-garden potential itself must be evaluated by the location. It may be a burden rather than an asset if management is spread too thin or other factors are limiting.

Special factors that make the rent-a-tree or garden idea work better are:

1. The picking area separate from other fruits or crops so they are not likely to be damaged by inquisitive renters.

2. A picnic site and hiking trails will add to the recreational value.

3. Well kept appearance with grass mowed and weeds kept under control.

4. Grower and employees must have the ability to work with people.

5. A sizable farm with interesting scenes and well maintained and marked roads.

6. Someone available to check renters in and out.

7. Nearness to home or a resort area will be distinct advantage to clients from a time and cost standpoint.

8. The rental contract should state that no specific amount or quality of produce is guaranteed. Hail, freezes, wind storms and excessive rain or drought are risks inherent in farming and are therefore assumed by the renter.

Safety

Any business serving the general public should be concerned about safety. Around a farm there are special hazards that people not used to rural living are prone to run into.

Hoes, rakes, lumber and fencing materials, especially when left lying on the ground, can trip customers causing injury. Store all tools away from public areas.

You can reduce the chances of injury by having well-defined areas for public use. Keep paths and roads clear and well-maintained. Post signs to warn customers of danger areas. And, having a rest-play area for children and older people will usually keep them from wandering into hazardous areas.

Reducing the Risk of Accidents

Prevention can go a long way toward reducing the chances of serious accidents. Following these suggestions will help reduce risks.

1. Keep picking ladders in excellent repair.
2. Fence off ponds, deep ditches, livestock and machinery.
3. Pick fruit from tall trees before opening the orchard to the public.
4. As tall trees are removed, replace them with dwarf or semi-dwarf varieties that will reduce the need for ladders.
5. Post rules for ladder use, climbing trees, supervision of children, riding on equipment, etc.
6. Never spray fields when people are near.
7. Avoid using mowers and other equipment near customers.
8. Consider potential hazards when designing parking areas, plots and check-outs.
9. Use safe equipment to transport customers around the farm.
10. Remove old or unsound buildings and fences.
11. Keep accurate records of when and what sprays were used on each plot.
12. In accordance with provincial and federal regulations, follow the lapsed time between applying sprays and harvesting.
13. Use guard rails, warning signs, fences and barriers where needed.
14. Post and enforce speed limits.

Each operation will have its individual safety problems. The operator should be constantly on the look out for these and remedy them as soon as they appear.

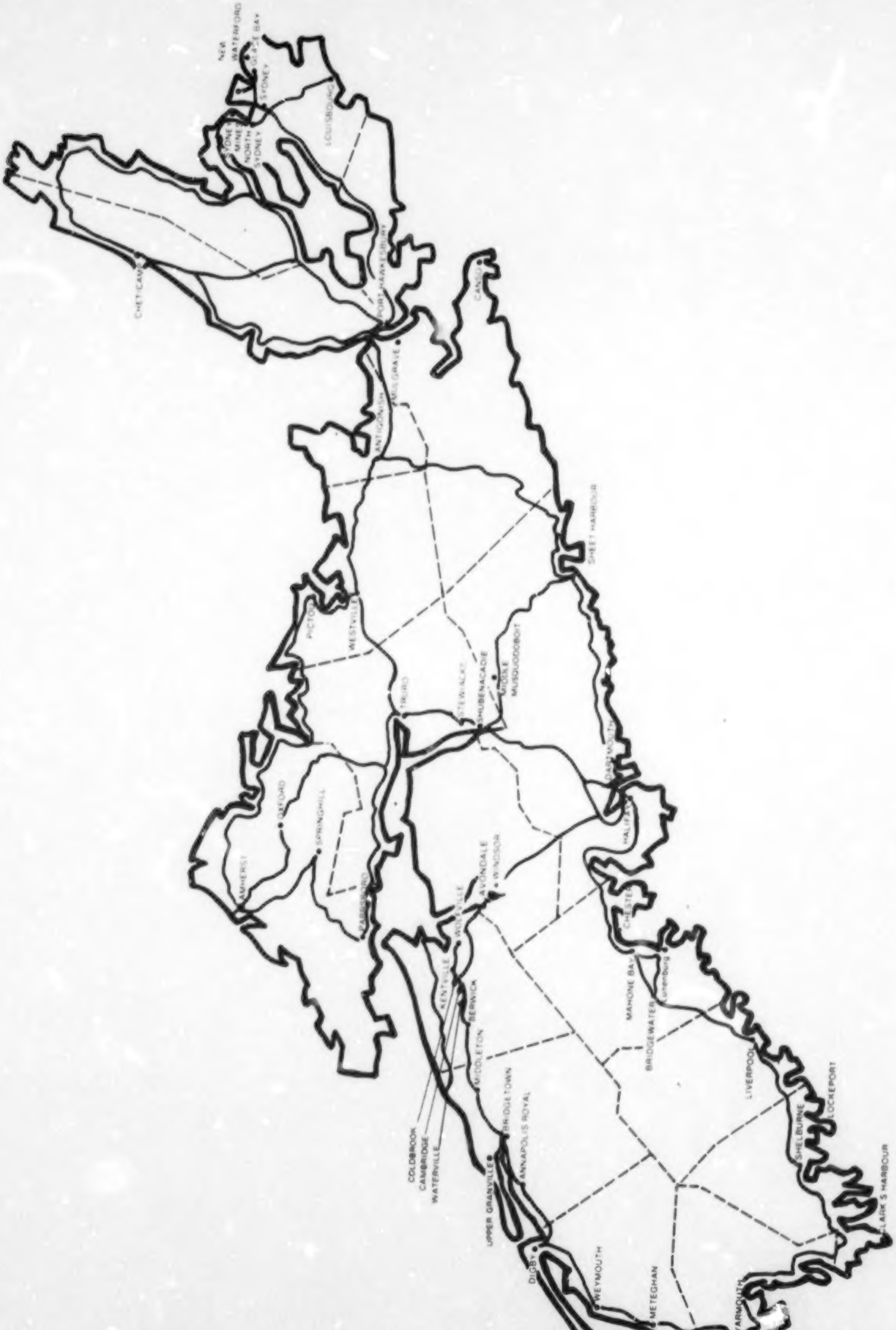
Obviously, there is a risk of an accident even after every foreseeable hazard has been removed. It is still necessary to insure against this possibility. The grower is in a stronger position if such an accident does occur when he has made an effort to make his operation as safe as possible.

ACKNOWLEDGEMENT

We would like to thank the following individuals for their assistance in the planning, writing and preparation of the first *Nova Scotia Direct Marketing Binder*.

Cheryl Baird - graphics and lay-out
Ray Foote - statistics
Emily Maxine Gratton - collaboration on the final copy
Rollie Hayman and Jim Houghton - reviewing financial planning and control section
Dawn MacKay - preparing final copy for printing
Joan Parker - pest control section
Carole Robinson - writing
Dave Robinson - statistics analysis
Dave Smith - grading regulations and metric sections

One of the main source books used as an example in the preparation of this effort was The Manager's Manual, *Successful Roadside Marketing*, Marketing Program, Co-operative Extension Service, Michigan State University.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